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## Q4 2016 XRP Markets Report

4 MIN READ • MIGUEL VIAS

JAN 24, 2017



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Ripple is excited to publish the first of our quarterly XRP Markets Reports. In order to continually improve the health of XRP markets globally, we will share regular updates on the state of the market including quarterly sales, commentary on previous quarter price movement and announcements of new third-party wallets, exchanges, validators and third party liquidity providers.

### Quarterly Sales

In Q4 2016 market participants purchased \$4.6m of XRP directly from XRP II\*, Ripple's registered and licensed money service businesses (MSB). There are a few important things to note about these purchases. First, they include sales restrictions that help mitigate the risk of market instability due to large subsequent sales. Second, these purchases are significant because they introduce important new partners to the XRP ecosystem. Lastly, institutional investment is a key differentiator for XRP and is indicative of its broader capital market potential.



## (/)(Insights) **Market Commentary**

While it's difficult to pinpoint the exact drivers of price action, it's relatively clear that the U.S. presidential elections played a significant role in the appreciation of digital assets in Q4 2016. Additionally, monetary developments in India, as well as increased demand from China on the back of their new capital controls, also continued to drive demand for digital assets during the quarter.

As the year drew to a close, what had been a Bitcoin rally spilled over into adjacent digital assets such as Litecoin and Monero, both of which saw sizeable increases in price and volume in the second half of December. Interestingly, XRP underperformed during that period, only depreciating slightly by 2.04%. This underperformance was likely due to limited listings on digital asset exchanges, lack of access to XRP in China, as well as XRP's reputation as a more institutional asset, and not a vehicle for speculation.

In Q4 2016 XRP saw a sizeable quarter-over-quarter average daily volume growth of 121%, a positive sign of overall market health. Though much of this can be attributed to general market activity, a significant portion of the growth was due to the initial roll-out of our market making incentives first mentioned in February 2016. That program helped serve as the impetus for the digital asset exchange rebates and incentives which will be rolled out earlier this month and plan to offer for each subsequent XRP listing in 2017. The XRP incentive program is designed to accelerate the use of XRP as a universal bridge currency by creating deep and liquid markets at the outset of being listed on digital exchanges. The program is funded by Ripple and will be operationally managed by exchanges for their liquidity providers. We believe this is a key differentiator for XRP and will improve liquidity and tighten spreads.

### **Q1 2017**

As part of a continued effort to expand the XRP ecosystem, we announced that one of the world's leading digital asset exchanges, Bitstamp, listed XRP/EUR and XRP/USD trading pairs on its exchange. Bitstamp also became the first partner exchange in the above mentioned XRP incentive program. High regulatory standards and commitment to excellence make this exchange precisely the kind of partner XRP requires, and we are very excited to have them join the XRP community.

Also, in Q1 2017 we plan to offer qualified market participants the ability to borrow XRP. This will facilitate enhanced participation in XRP markets and will lead to deeper and more stable markets. It's a crucial step in encouraging capital markets adoption of XRP which will ensure it becomes the institutional standard bearer for international value transfer.

If you are an exchange, liquidity provider, or financial institution and are interested in off-ledger incentives or borrowing XRP please contact us (<https://ripple.com/xrp-portal/xrp-contact/>).

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## Q1 2017 XRP Markets Report

5 MIN READ • MIGUEL VIAS

APR 18, 2017



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In order to continually improve the health of XRP markets globally, we will share regular updates on the state of the market including quarterly sales, commentary on previous quarter price movement and related company announcements.

### Quarterly Sales

In Q1 market participants purchased \$6.7MM directly from XRP II, LLC\*, Ripple's registered and licensed money service business (MSB). These buyers tend to be institutional in nature and their purchases include restrictions that help mitigate the risk of market instability due to large subsequent sales.



## (/)(Insights) **Market Commentary: A Quiet Start to a Raucous Ending**

Though Q1 2017 began much in the same way as Q4 2016, quietly, it ended with a dramatic spike in market activity.

During January and February daily volatility\*\* decreased to 2.47%, significantly lower than Q4's already stable 3.26%. Average daily volume in those first two months fell to \$1.22M, 55% lower than Q4 volumes, and the price slowly moved lower, briefly touching \$0.00538 in early March, a level not seen since May of 2016. Much of the decrease in activity could be attributed to the temporary exit of a few prominent market makers, or relative demand for BTC driven by hopes of its ETF approval. Whatever the reason, Q1 2017 was one of the most challenging XRP markets in a long time.

A bright spot was Bitstamp's successful launch of XRP for USD, EUR, and BTC currency pairs on January 16th. That alone was not enough to turn the tide however, and XRP markets failed to show much life until March 23rd, what was easily the most significant day of the quarter.



On March 23, XRP rallied from \$0.0072 to \$0.0112, a 56% price increase on an impressive \$19.7M in volume, a 1103% increase over the average daily volume up to that point in Q1. Clearly something had changed, but why such a powerful shift in sentiment? Though always difficult to discern in real time, in hindsight, a few key developments may have had an impact.

- As the month drew to a close, the Bitcoin scaling debate raged on with no end in sight.
- Throughout the quarter, Ripple, became more vocal (<https://www.bloomberg.com/news/videos/2017-01-27/will-tech-titans-enter-payment-industry>) about its commitment to XRP (<https://ripple.com/insights/5-key-takeaways-from-miguels-epicenter-interview/>) and the Ripple Consensus Ledger (RCL) as part of its long-term strategy.
- Ripple announced a new relationship with BitGo (<https://ripple.com/insights/bitgo-builds-enterprise-wallet-xrp/>) to build an enterprise wallet, as well as Payment Channels and Escrow, important RCL features (<https://ripple.com/insights/ripple-continues-to-bring-internet-of-value-to-life-new-features-increase-transaction-throughput-to-same-level-as-visa/>) that increase transaction throughput to levels comparable with those of Visa's network.
- Ripple continued to sign up banks to commercially deploy its enterprise blockchain solution and join its global payments network. Announcements included the addition of MUFG (<http://asia.nikkei.com/Business/Deals/Japan-s-BTMU-plans-international-fund-transfers-via-blockchain-in-2018>), the world's third largest bank, 47 banks in Japan (<https://ripple.com/insights/forty-seven-japanese->





- (/) bank(s) might be towards-commercial-phase-using-ripple/) and network expansion into the Middle East and India through NBAD and Axis Bank.

The last point is particularly important. Markets are clearly connecting the dots that banks which join the Ripple network today are prospective users of XRP liquidity in the future. Growing bank membership of the Ripple network creates opportunities for Ripple to deepen those customer relationships and cross-sell liquidity solutions built on XRP, all of which should be beneficial to the asset.

Lastly, there are a few data points which warrant close monitoring going forward. The percentage of off-ledger trading was only 25.2% in Q4, but that leapt to 71.1% in Q1. Interestingly, and very much related, the percentage of XRP flows that originated from BTC in Q4 was only 45.1%, and that grew to 66.6% in Q1. The data suggest most of the growth in trading volume is coming from off ledger BTC/XRP activity, which supports the theory that the rally in Q1 was driven by market recognition of Bitcoin's risks, as well as XRP's advantages.

Why is this significant? In Q1 2017, XRP grew substantially in both price and volume due to off-ledger inflows via Bitcoin. In order for any asset to be successful it needs ample liquidity, something XRP attracted during the quarter. This was a reassuring sign of progress towards the eventual fiat liquidity XRP requires to ultimately be successful for payments, its natural use case.

### A Tale of Two Quarters

	Q1 2017	Q4 2016
Average Daily Volume	\$2.69M	\$2.51M
Average Daily Volatility	3.84%	4.12%
% Off Ledger Volume	71.1%	25.2%
% BTC Volume	66.6%	45.1%
Correlation with BTC	-7.6%	-74.7%
Quarter End Price	\$0.0213	\$0.006

### Q2 2017

We've put our ear to the ground and have been listening to important feedback from the XRP community. This includes the need for greater visibility and transparency into Ripple's vision, strategic use cases for XRP, and plans to increase liquidity and decentralization. To that end, we plan to increase our communications cadence to address this feedback. We also look forward to having a large presence at Consensus in New York in May.



(/In addition, insights) want to watch out for specific announcements in Q2 regarding potential ways to use RCL's new Escrow feature, as well as our plan to implement a systematic markets operation program designed to add liquidity to the market especially during volatile periods.

Sign up (<https://ripple.com/xrp-portal/>) to receive monthly XRP updates.

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\*\*Volatility calculated using standard deviation of daily lognormal returns.

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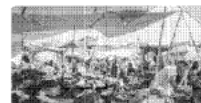
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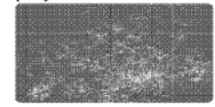
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## Q2 2017 XRP Markets Report

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JUL 20, 2017



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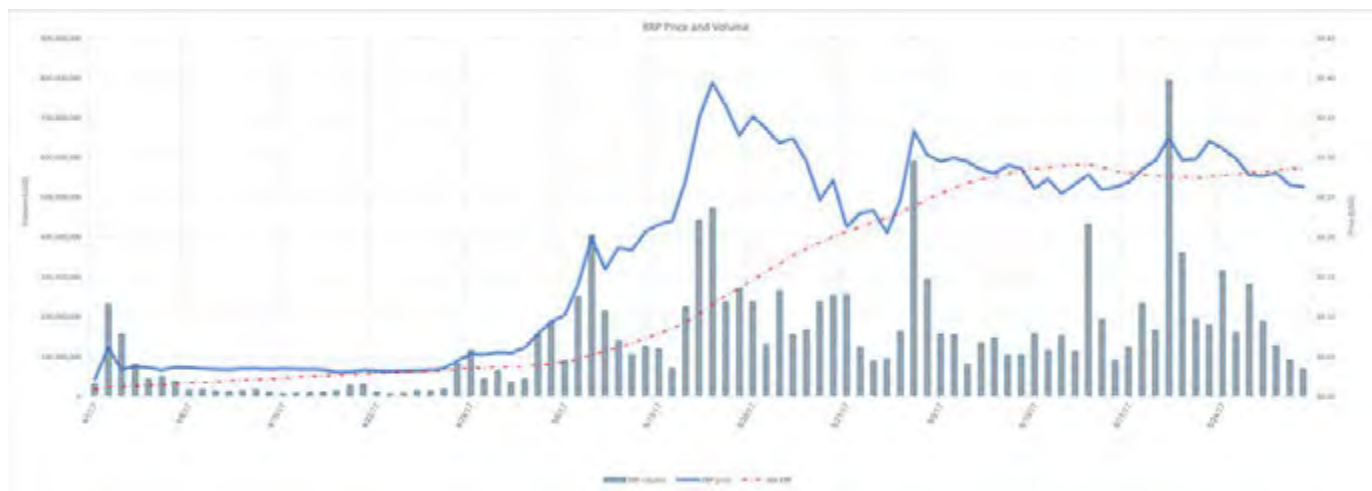
### Quarterly Sales

In Q2, market participants purchased \$21M directly from XRP II, LLC\*, Ripple's registered and licensed money service business (MSB). These buyers tend to be institutional in nature and their purchases include restrictions that help mitigate the risk of market instability due to large subsequent sales. Additionally, XRP II, LLC\* sold \$10.3M worth of XRP. These sales are executed daily as a small percentage of overall volume. For Q2, they represented 0.09% (9 basis points) of the total \$11.06B traded.



## (/insights) Market Commentary: Things Have Changed

Q2 2017 was one of the most significant quarters to date for XRP markets. In fact, it might represent a sea change in XRP's adoption and relevance in the space. Though it's difficult to discern which of the many developments was most important, the most dramatic had to be XRP's price increase. XRP finished the quarter at \$0.263, a stunning QoQ increase of 1159% and YTD growth of 3977%. At its peak on May 17, XRP reached \$0.394, up 6012% this year and 1787% this quarter. There were some indications in Q1 that the days of sub one cent prices for XRP were in the rearview mirror, but this type of paradigm shifting performance was certainly difficult to predict.



## Recent Announcements and Market Adoption

There were a number of significant announcements and events which clearly contributed to XRP's incredible second quarter.

The Q1 report stated that Ripple would communicate XRP developments more frequently and Q2 saw some very important announcements:

- Ten New Customers Join Ripple's Global Payment Network (<https://ripple.com/insights/ten-new-customers-join-ripples-global-payment-network/>)
- How Ripple is Further Decentralizing the XRP Ledger (<https://ripple.com/insights/how-we-are-further-decentralizing-the-ripple-consensus-ledger-rcl-to-bolster-robustness-for-enterprise-use/>)
- Ripple to Place 55 Billion XRP in Escrow to Ensure Certainty of Total XRP Supply (<https://ripple.com/insights/ripple-to-place-55-billion-xrp-in-escrow-to-ensure-certainty-into-total-xrp-supply/>)
- XRP Liquidity to Deepen with Listings on Six New Exchanges (<https://ripple.com/insights/news/xrp-liquidity-to-deepen-with-listings-on-six-new-exchanges/>)

Each of these was instrumental in helping to drive XRP interest and volume in Q2. The market responded favorably to the escrow and decentralization announcements in particular. They both laid out clear plans for Ripple to address the top concerns about XRP, building the market's trust in Ripple and XRP.

## Blockchain Adoption on the Rise



(/insights) From a broad perspective, a number of sovereign institutions and international corporations signaled an interest to adopt digital assets and blockchain-based solutions generally.

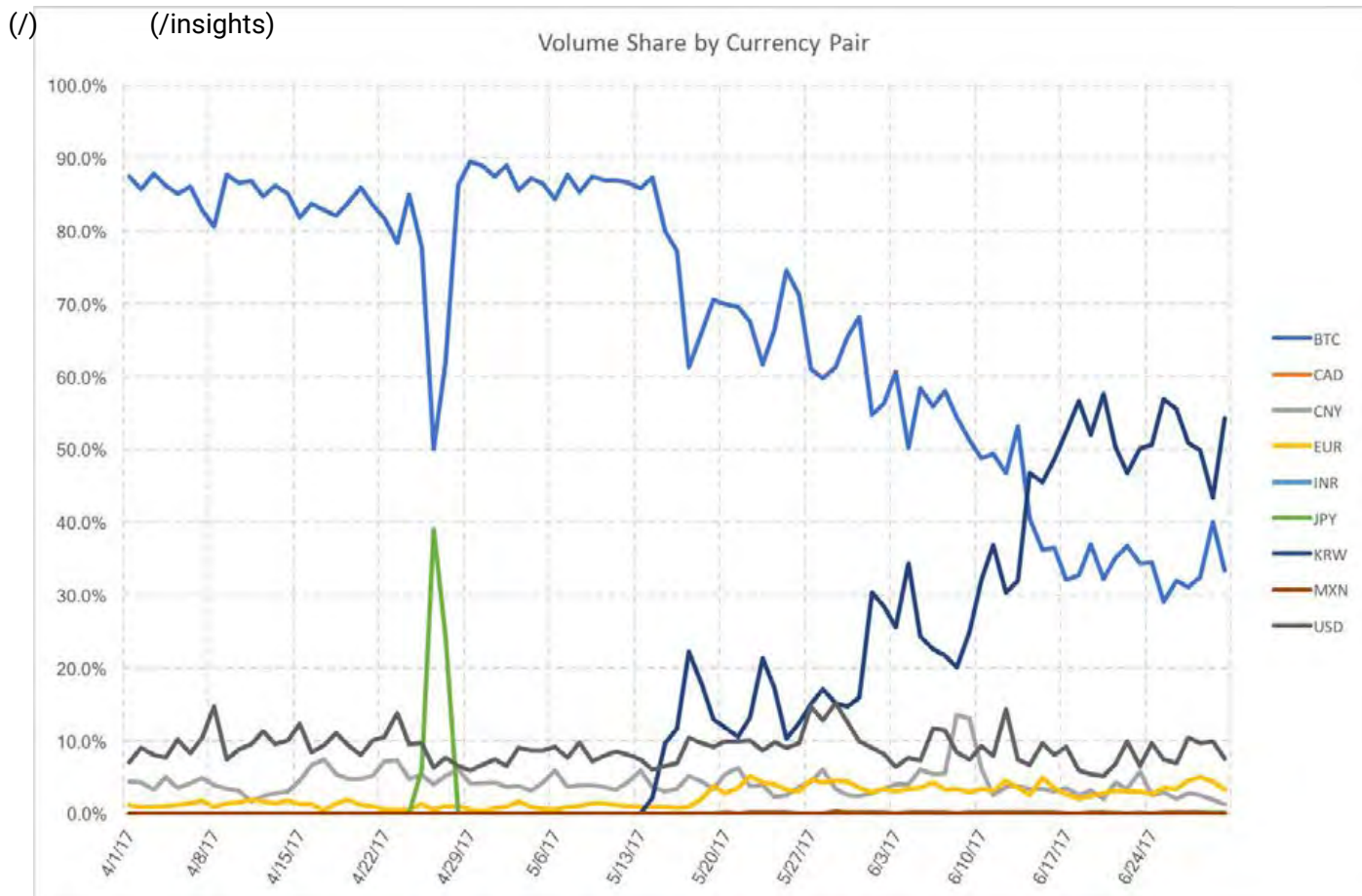
- Japan Enacts Regulation for Digital Currency Exchanges (<http://www.coindesk.com/japan-enacts-regulation-digital-currency-exchanges/>)
- China's Central Bank Completes Digital Currency Trial on a Blockchain (<https://www.cryptocoinsnews.com/chinas-central-bank-completes-digital-currency-trial-blockchain/>)
- Blockchain Regulations Likely By 2019, Russian Ministry Says (<http://www.coindesk.com/blockchain-regulations-likely-2019-russian-ministry-says/>)
- Ripple Selected to Participate in the Bank of England FinTech Accelerator (<https://ripple.com/insights/ripple-selected-to-participate-in-the-bank-of-england-fintech-accelerators-exploration-of-the-use-of-blockchain-for-global-rtgs/>)

Taken together, the positive XRP-specific news and the generally favorable and embracing stance by established institutions were key catalysts of activity, not only in XRP markets, but in digital asset markets broadly.

## Volume Growth: It's Now Easier to Access XRP

As it pertains to XRP's use case, the most compelling market evolution in the second quarter was the growth in volume generally, and of fiat volumes specifically. In Q1, XRP/BTC contributed to 85% of total daily volume. In Q2 that number dropped to 63%. In fact, XRP/FIAT volumes in Q2 were 21 times greater than XRP/BTC volumes in Q1. While some of this can be attributed to growth in USD and EUR pairs at Bitstamp and Kraken, the bulk of this transition was due to increased activity on Korean exchanges. On May 14th, Coinone became the first exchange to list KRW/XRP. Bithumb and Korbit followed suit shortly thereafter. Since then KRW has represented 52.1% of total daily volume, easily surpassing every other cross, including BTC.





## Correlation to Bitcoin and Ethereum

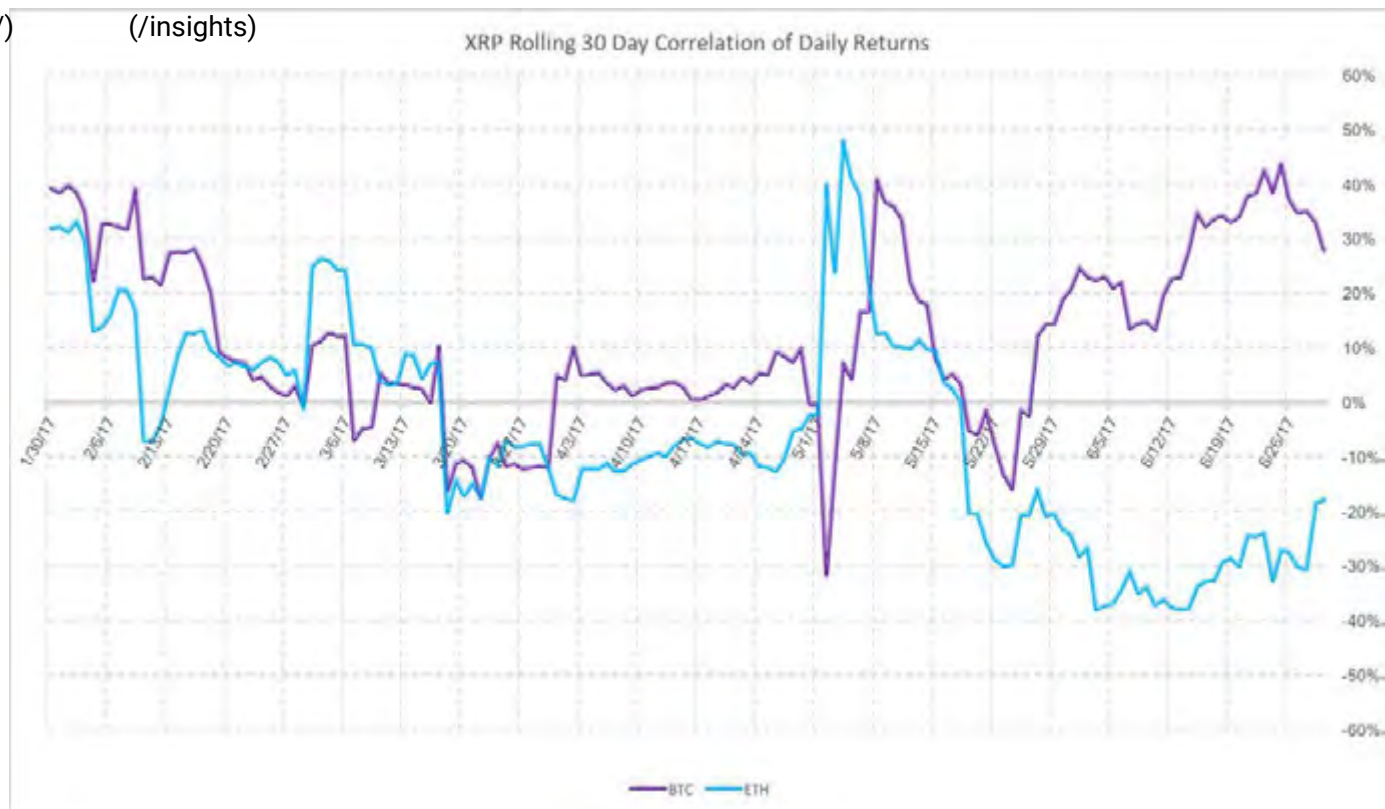
As the quarter unfolded, there was a decided shift in XRP's relationship to the rest of the digital asset space, particularly BTC and ETH. It is evident from the chart below, that as XRP began to rally in early May, it decoupled from ether and simultaneously began trading more closely with bitcoin. Now, all three assets experienced significant growth in Q2, but XRP led the way, driving correlations to nearly an annual low in late May, where things got truly interesting. As ETH finally began to rally, and XRP and BTC stabilized in early to mid-June, a clear divergence occurred. Likely due to its increased listings and off-ledger volume, XRP's correlation to BTC steadily climbed to nearly 50% and simultaneously dropped to -40% against ETH. This makes sense since ETH's rally began later, but the relationship change is stark and merits close attention, especially as it could impact how market participants structure their portfolios.





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## Volatility Lands with Relative Normality

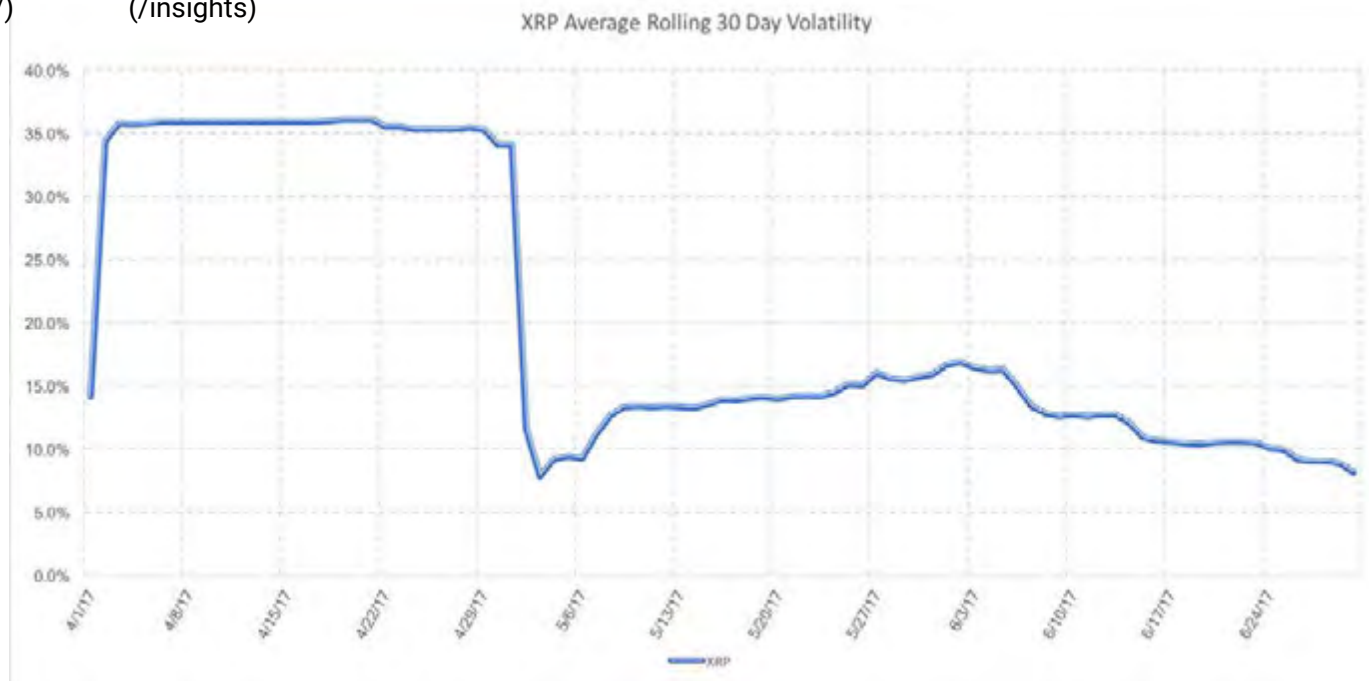
Lastly, XRP's price appreciation was, not surprisingly, accompanied by an increase in volatility. Q1 daily volatility averaged 8.87%, an elevated figure due mostly to a material uptick at the end of the quarter as XRP markets came to life. Q2 saw a continuation of that activity, and average 30-day rolling volatility peaked at 36.1% on April 20th. In June, however, markets came back to relative normality and volatility retraced to 8.03% to end the quarter, a good sign going forward. The digital asset space in general, because of its relative youth tends to skew volatile. With increased participation and requisite liquidity, that tendency should abate, another market development to monitor over the following months.





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### Q3 2017

Last quarter left us with much to think about, and even more to do. We plan to focus on three areas of liquidity development as we drive XRP towards its natural position as the digital asset standard for international value transfer. We are looking into formalizing the lending program we mentioned in the Q4 report (<https://ripple.com/insights/q4-2016-xrp-markets-report/>), building out our OTC markets by bolstering our broker/dealer networks, and finding more ways to provide greater transparency to markets. Most importantly, we are accelerating the pace of our investment in the XRP Ledger to build on its speed, uptime, and scalability, to ensure XRP is the most trusted enterprise-grade digital asset.

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## Q3 2017 XRP Markets Report

9 MIN READ • MIGUEL VIAS

OCT 19, 2017

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### Quarterly Sales

In Q3 2017, market participants purchased \$19.6 million directly from XRP II, LLC\* — our registered and licensed money service business (MSB). These participants tend to be institutional buyers and their purchases include restrictions that mitigate the risk of market instability due to potential subsequent large sales.

Additionally, XRP II, LLC sold \$32.6 million worth of XRP programmatically as a small percentage of overall exchange volume. For Q3, the sales represented 0.20 percent (20 basis points) of the total \$16.50 billion traded, an 11 basis-point increase from Q2 2017's 0.09 percent (9 basis points). The increase was primarily due to an expansion of the number of exchanges on which Ripple sells XRP.

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### Market Commentary: Turmoil in Digital Asset Markets in Q3

There were numerous broad market developments in Q3 with material impacts on the digital asset space. The Bitcoin fork, ICO legality, and China's stance on digital assets all contributed to a whirlwind three months for the markets.

#### July

Turbulence hit going into July with a broad market sell-off due to ICO-related ether (ETH) concerns. By July 7, total market capitalization across all digital assets had declined by more than \$20 billion due to fears of large ETH liquidations. Additionally, rumors of an ICO crackdown by the Securities and Exchange Commission (SEC) contributed to the unease in the market as participants exited positions en masse. On July 25, the SEC finally issued a statement that decreed some ICOs could be "subject to the requirements of the federal securities laws." (<https://www.coindesk.com/securities-exchange-commission-us-securities-laws-may-apply-token-sales/>) However, by this point, markets seemed to have been priced in the worst case scenarios — namely an outright SEC ICO ban and massive ETH liquidations. As it became clear neither would occur immediately, most digital assets including XRP rebounded. Unfortunately, there were a few challenges ahead.

After the dust from the SEC announcement settled, market attention turned to an unresolved scaling debate which had been brewing for years between developers and miners in the bitcoin community. This Bitcoin fork — a change to the protocol meant to increase throughput which would also result in competing versions of the Bitcoin blockchain and the creation of bitcoin cash (BCH) — was quickly becoming a real possibility. Many long-term traders and





(/developers/insights) community were expecting significant volatility as the situation evolved. When miners missed the first BIP 148 deadline on July 16, bitcoin swiftly sold off — briefly touching \$1,885. That market reaction to a lack of support from the miners helped to persuade the bitcoin community to align on the appropriate course forward.

## August

Towards the end of July, markets slowly became more comfortable with the ramifications of a split, and money began significantly rotating into BTC. Since anyone holding BTC pre-split would receive an equal amount of BCH post-split, market participants realized there could be free money to be had by holding BTC going into the fork. On August 1, markets witnessed the BTC fork and subsequent creation of BCH, with very little commotion.

With the worst seemingly over, BTC saw large flows re-enter the space. From early August through early September, the total market capitalization of the digital asset space doubled, with BTC trading to a new high of nearly \$5,000 on September 2.

## September

As September began, the relative euphoria from August's success quickly faded and gave way to another large sell-off in early September as China, unlike the SEC, took an increasingly hard-line stance against digital assets. On September 4, China declared initial coin offerings (ICOs) illegal and ordered ICO fundraises to "cease immediately." Days later, it ordered domestic digital asset exchanges to stop trading altogether. What was once one of the largest and most influential market for digital currencies was pulling the plug without warning. Adding fuel to the fire, Jamie Dimon, chairman and CEO of JPMorgan Chase, called BTC a "fraud" and stated that it would soon "shut down" in an interview on September 12.

It was a maelstrom of news and the markets reacted accordingly. In two weeks, total market capitalization plummeted \$80 billion. And yet, after dipping so significantly, on September 15, markets began to recover. Ultimately, Dimon's remarks were relatively meaningless, and China's actions lacked a lasting effect. While the former is not surprising, the latter is important.

Over the last few years, China's influence on digital asset markets has diminished and been supplanted by the growth in liquidity pools in other major trading hubs, such as South Korea and Japan. On September 29, regulators in Japan approved licenses for 11 digital asset exchanges (including one by our partner, SBI Holdings), with 17 exchanges still under review, all a clear sign of a significant shift.

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## Despite Market Turbulence, XRP Remained Stable

Compared to the substantial uptick in XRP market interest and activity in the second quarter, Q3 ushered in relative stability. The dramatic events in the digital asset space over the course of the quarter detailed above largely, and sometimes fortunately, did not involve XRP directly.

After the stunning 1,159 percent Q-o-Q increase in Q2, XRP retraced 24.9 percent to finish the third quarter at \$0.20, but still up 2,963 percent from last year. Impressively, daily volatility in XRP decreased to 6.80 percent from 22.56 percent in Q2. Much of this consolidation was due to the continued development of XRP liquidity. In fact, Q3 XRP volumes were the highest on record at \$16.50 billion.





(<https://ripple.com/wp-content/uploads/2017/10/pic1-1.png>)

## XRP Maturing Past Younger Digital Assets

Q2 saw drastic increases in XRP volatility as digital asset prices soared, but the “relative normality” reached at the end of the previous quarter continued in Q3. The high watermark for 30-day volatility of daily returns for Q3 was 8.7 percent, a far cry from the 36.1 percent in Q2.

Compared to the markets of younger digital assets, XRP’s price stability in Q3 is likely a sign of market maturation. The fact that XRP is now listed on 30 exchanges and traded an average of \$179.3 million per day in Q3 points to significant development for an asset that was only trading on seven exchanges just six months ago. Additionally, its relative independence from Chinese markets, lack of involvement in ICOs, and clear governance model shielded XRP somewhat this quarter.



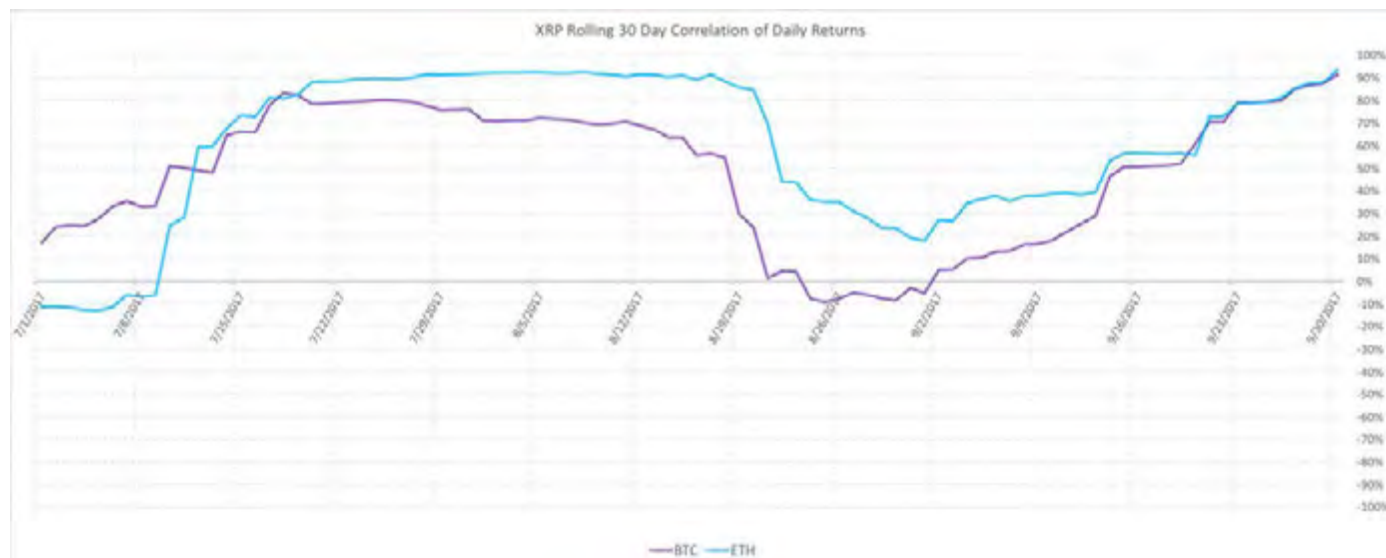
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## Volumes Grow, Correlations Weaken, and a Swell Announcement Boosts XRP



(/) Although (XRP's) action during the quarter was not driven by broader digital asset volatility, XRP did not completely divorce itself from the rest of the market in Q3. Initially, its correlations to ETH and BTC were relatively low – 11.3 percent and 17.1 percent, respectively. However, as the ICO-related worries and Bitcoin fork concerns took hold in July, most digital assets began trading in unison and correlations shot up as a result.

Interestingly, before and after the fork, XRP remained highly correlated to ETH (96.9 percent), but unsurprisingly, diverged from BTC. From August 1 to September 1, BTC rallied and XRP held steady, sending correlations from 70 percent to -5 percent. This lack of correlation became pronounced on August 21, when Ripple began its campaign around Swell (<http://swell.ripple.com>).



(<https://ripple.com/wp-content/uploads/2017/10/Picture2.png>)

Anticipation around the event spurred a meaningful spike in XRP, pushing it up 100 percent, from \$0.15 to \$0.30 on \$4.56 billion of volume, all without a corresponding rally in BTC or ETH. In fact, XRP's 23 percent Q-o-Q volume increase, as well as the overall volume record set during the quarter, can largely be attributed to activity during the three-day period between August 22 -24.

As the quarter came to a close, XRP's correlation to BTC and ETH was back up to nearly 90 percent, a stark reminder that announcements from Chinese regulators, as well as Dimon's BTC remarks, were equally influential to the most important currencies in the market. However, the quarter clearly illuminated an interesting dynamic.

XRP, at times overwhelmingly independent, and at others somewhat dependent, gave clear hints that there could come a time when BTC and ETH developments begin to lose their impact on XRP. As it continues to gain adoption, as its volumes continue to grow, as the days without XRP forks and governance issues continue to pass, its correlative relationships may shift, and XRP could continue to find itself independent of the noise as it charts its own path.

## What's on the Horizon for Q4 2017

In Q3, two of our most important objectives were to bolster our XRP lending and help grow over the counter (OTC) XRP markets. Our work in OTC markets was quite successful. We were able to diversify our pipeline of OTC buyers and establish relationships with most of the key OTC market makers in the space. We'll look to leverage this momentum as we continue to help build out OTC liquidity in Q4.



(/Unfortunate insights) efforts around lending were more challenged. In the world of digital assets, the devil is in the details, and it turns out there are several considerations to account for when lending XRP. As a result, that initiative is taking a little longer than expected, but we expect to have it up and running in the middle of Q4.

During the fourth quarter, we'll also continue to expand our xRapid partnerships. Our long-term goal is, and has always been, usage of XRP as a liquidity solution for more and more corridors, and partnerships are key to achieving this goal. Our Quallix announcement ([https://ripple.com/ripple\\_press/ripples-blockchain-network-now-100-strong/](https://ripple.com/ripple_press/ripples-blockchain-network-now-100-strong/)) was a clear indication of significant progress, but it's just the beginning. In the fourth quarter, we'll announce additional xRapid partnerships, an innovative approach to using XRP to further Ripple Network adoption (<https://ripple.com/insights/ripple-rolls-300m-ripplet-accelerator-program-grow-volume-xrp-utility/>), and new ways XRP will drive broad development of the digital asset space. Visit Ripple Insights (<https://ripple.com/insights/>) throughout the quarter to read the latest developments as they unfold.

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## Q4 2017 XRP Markets Report

7 MIN READ • MIGUEL VIAS

JAN 24, 2018

To continually improve the health of XRP markets globally, we share regular updates on the state of the market including quarterly sales, commentary on previous-quarter market developments and Ripple company-related announcements.

### Quarterly Sales

In Q4 2017, market participants purchased \$20.1 million directly from XRP II, LLC<sup>1</sup> — our registered and licensed money service business (MSB). These participants tend to be institutional buyers, and their purchases typically include restrictions that mitigate the risk of market instability due to potential subsequent large sales

Additionally, the company sold \$71.5 million worth of XRP programmatically as a small percentage of overall exchange volume. For Q4, these sales represented 0.075 percent (7.5 basis points) of the total \$95.4 billion<sup>2</sup> traded — a decrease from Q3 2017's 0.20 percent (20 basis points).

### Market Commentary: A Quarter for the Ages

XRP markets ended the year with a statement — one that will likely be remembered as a defining milestone in XRP's history. Though the beginning of the quarter was relatively quiet — with prices trading in a range between \$0.20<sup>3</sup> and \$0.30 — XRP began rallying on December 12 and continued moving upwards throughout the month. It quickly reached and exceeded dollar parity on December 21. From there it climbed higher, briefly touching \$2.19 on December 30 before retracing somewhat and finishing the quarter at \$1.91. This price appreciation represents an impressive quarter-over-quarter increase of 887 percent and a year-over-year gain of 29,631 percent.







(<https://ripple.com/wp-content/uploads/2018/01/image-3.png>)

Given the price activity, in some respects, this quarter felt like Q2 2017. While XRP saw large percentage gains in the second quarter, its notional value was the more poignant story in Q4, expanding from approximately \$8 billion at the end of Q3 to \$191.0 billion<sup>4</sup> on December 31, making XRP the second most valuable digital asset in the world. In short, XRP markets had a record-setting quarter.

## An Eventful Quarter

Early in the quarter, market attention was focused on issues between bitcoin and bitcoin cash and the launch of Chicago Mercantile Exchange (CME) and Chicago Board Options Exchange (CBOE) bitcoin futures. The anticipation for futures was particularly distracting, as markets awaited a pivotal development in the history of the digital asset space. Since XRP has historically been relatively uncorrelated to BTC or any other digital asset, it was not entirely surprising that while the rest of the space found its footing earlier in the quarter, XRP consolidated instead.

In late Q4, XRP markets began to connect the dots once again. Of particular importance were the American Express/Santander partnership (<https://www.cnbc.com/2017/11/16/american-express-santander-team-up-with-ripple-on-blockchain-platform.html>) announcement, the activation of escrow (<https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability/>) and the connection of Korean banks to the Japan Bank Consortium (<https://ripple.com/insights/top-korean-banks-work-japan-bank-consortium-modernize-cross-border-payments/>). The completion of escrow represented the company's consistent ability to follow through on a previously announced initiative. Additionally, while neither the AMEX news nor the Korean bank initiative involved XRP, these key developments prove that Ripple is gaining customer momentum. Though it's early, and today most RippleNet members are adopting xCurrent, each one of these client milestones increases the probability that institutions will eventually use XRP and xRapid to take advantage of more efficient liquidity, just like Cullix does today. (<https://ripple.com/insights/rippletnet-grows-to-over-100-financial-institutions/>) As digital asset markets grow and evolve, newer market participants will continue to look to milestones such as these to gauge XRP's potential.

Lastly, the fourth quarter was also fascinating with respect to other digital assets. There were some great advancements in the space. Unfortunately, there were also some concerning developments, in particular, the very public bitcoin vs. bitcoin cash (<http://observer.com/2017/12/why-the-co-founder-of-a-major-bitcoin-site-has-given-up-on-the-cryptocurrency/>) civil war and concerns around ether (ETH) (<http://www.businessinsider.com/ethereum-founder-threatens-to-leave-if-the-crypto-community-doesnt-grow-up->



(/2017-12) (insights) in (LTC) (<https://www.cnbc.com/2017/12/20/litecoin-founder-charlie-lee-sells-his-holdings-in-the-cryptocurrency.html>) leadership commitment. This may be where XRP most significantly distinguishes itself going forward.

As established corporations consider leveraging distributed ledgers and blockchains, especially public incarnations of those technologies, dispute resolution and commitment will be key. Building pivotal infrastructure on top of technology that does not have clear governance is not palatable for large established companies. Also, from conversations with market participants as well as with possible clients, it's clear Ripple's consistent and steadfast support of XRP is a major advantage as the payments industry continues to seriously consider it as an alternative liquidity solution.

## Dramatic Volume Increases

Of all the developments in Q4, the dramatic increase in volume likely had the most impact on XRP's likelihood of becoming an international standard for digital-value transfer. In order for XRP to be highly efficient as a settlement asset for cross-currency transactions, it will continue to need greater volume and depth of order books. These market attributes increase its ability to support much larger cross-border payments and thus increase its utility broadly. Overall, Q4 volumes averaged more than \$807.6 million per day, a 35,341 percent increase over Q4 2016's volumes of \$2.28 million per day, with much of the volume growth coming late in the last month of the quarter.

Since December 11, XRP's volumes averaged \$2.77 billion per day as the price rally progressed in earnest. Of particular importance is the growth of strategically important XRP/MXN volumes in Mexico, one leg of the first xRapid corridors. In December, XRP/MXN activity increased by more than 25x its volumes in September, and at times outpaced BTC/MXN volumes. We believe this rise in volumes is partly due to additional market maker activity at Bitso, as well as the rise in speculative interest.

Lastly, XRP also became available across more than 50 exchanges globally – which was likely a driver of growth as well. This increased global reach is the result of Ripple's continued investment in the XRP ecosystem and will more easily allow financial institutions to source liquidity for international payments through XRP going forward.

(<https://ripple.com/wp-content/uploads/2018/01/Screen-Shot-2018-01-23-at-5.57.20-PM.png>)

## Korea's Impact Continues



(/insights) Though Korean markets continued to be a significant driver of XRP activity during the quarter, growing geographic diversification of XRP liquidity lowered KRW market share to 44.8 percent of total Q4 volume.

(<https://ripple.com/wp-content/uploads/2018/01/Screen-Shot-2018-01-23-at-6.07.21-PM.png>)

Interestingly, this retracement of market share didn't apply to KRW prices. As XRP advanced in Q4, so did Korea's premium over USD markets. At times, prices were as much as 40 percent higher in Korea than the rest of the world. While it's still somewhat early to tell, it will be interesting to see if these premiums develop into a leading or lagging indicator of market activity going forward.

Towards the end of December, rumors of a Korean government clamp down on the space began circulating. On December 27, the official news broke. (<https://www.reuters.com/article/uk-southkorea-bitcoin/south-korea-to-impose-new-curbs-on-cryptocurrency-trading-idUSKBN1EM05K>) However, much to the market's surprise, the impact was muted. In fact, many markets — XRP included — continued to rally. However, what seemed like insatiable demand may have some challenges ahead. Given South Korea's outsized volume share on digital asset exchanges, a more restrictive stance there poses a significant market risk.

## What's on the Horizon for Q1 2018

2018 is likely to be a pivotal year for the broader digital asset markets as a whole, as well as for XRP markets specifically. Q1 will be key to ensuring XRP's liquidity eventually becomes more like that of existing foreign exchange markets and XRP achieves its goal of becoming the digital standard for international value transfer.



(/xRapid (/insights)

On January 11, 2018, we formally announced a partnership with MoneyGram (<https://ripple.com/insights/moneygram-use-xrp-faster-international-payments/>) — one of the world's largest money transfer companies — to use xRapid and XRP for near real-time cross-border payments. In addition, there are a number of other xRapid deals at various stages of completion in the pipeline. We'll look to make those public as they're signed and our partners agree to be publicly recognized.

## Institutional Hedging and Custody

While customers can use XRP for on-demand liquidity through xRapid, we want to build the necessary markets infrastructure for eventual direct usage of XRP by financial institutions. In Q1, we'll begin work towards the launch of institutional hedging instruments and custody solutions. Both of these market components are important to institutional adoption and thus are important components of our 2018 roadmap.

<sup>1</sup>XRP II, LLC is licensed to engage in Virtual Currency Business Activity by the New York State Department of Financial Services.

<sup>2</sup>Volume numbers reference [xrcharts.ripple.com](https://xrcharts.ripple.com) volume data.

<sup>3</sup>Price data references on-exchange Bitstamp XRP/USD closing 24-hour bar prices.

<sup>4</sup>XRP total market cap is calculated using total distributed XRP plus total XRP held by Ripple, including XRP held in escrow, multiplied by the closing Bitstamp XRP/USD price on 12/31/2017.

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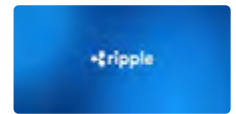


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## Q1 2018 XRP Markets Report

7 MIN READ • MIGUEL VIAS

APR 25, 2018

To continue to provide transparency to the XRP ecosystem globally, we share regular updates on the state of the market, including quarterly sales, relevant XRP-related announcements and commentary on previous quarter market developments.

### Quarterly Sales

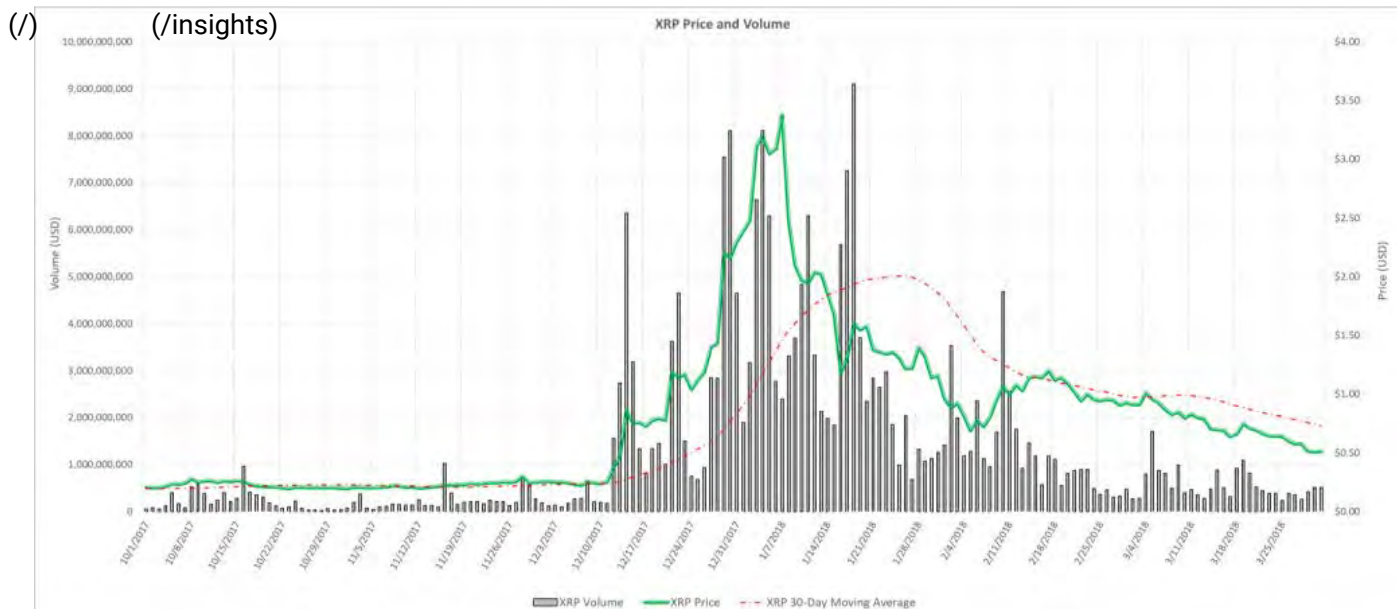
In Q1 2018, market participants purchased \$16.6 million directly from XRP II, LLC — our registered and licensed money service business (MSB). XRP II, LLC is licensed to engage in Virtual Currency Business Activity by the New York State Department of Financial Services. Additionally, the company sold \$151.1 million worth of XRP programmatically, as a small percentage of overall exchange volume. These sales represented 0.095 percent (9.5 basis points) of the \$160.0 billion traded globally in XRP in Q1. Significantly larger volumes of XRP were traded in Q1, particularly during the first half of the quarter, resulting in a notional increase in programmatic sales by Ripple.

### Escrow

In Q1 2018, XRP was released out of a cryptographically-secured escrow account (<https://ripple.com/insights/ripple-escrows-55-billion-xrp-for-supply-predictability/>). Three billion XRP was released out of escrow (one billion in January, February and March). However, 2.7 billion XRP was put back into new escrow contracts — 900 million in months 56, 57 and 58. The remaining 300 million XRP are being used in a variety of ways to help invest in the XRP ecosystem.

### Market Commentary: A Volatile Quarter, but XRP Market Share Increases



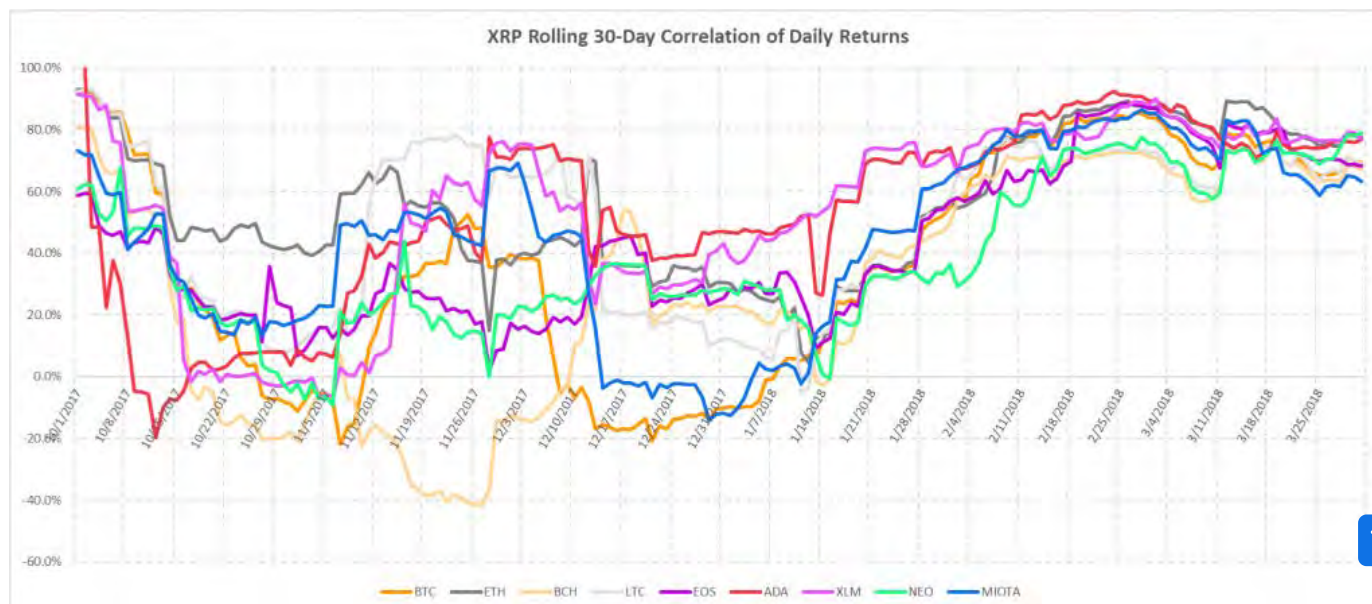


(<https://ripple.com/wp-content/uploads/2014/10/Graph-1.png>)

The rally that began in Q4 2017 continued into the start of the new year, before retracing consistently throughout the remainder of the quarter. The total market capitalization of all digital assets stood at \$603.7 billion at the start of 2018, climbed to \$835.5 billion by January 7, and finished the quarter at \$263.5 billion — a 56.3 percent decline over the course of the quarter.

## XRP's Fall Representative of Overall Digital Asset Market

XRP's overall market capitalization mirrored that of the overall digital asset market, though at times it was somewhat exaggerated in comparison. XRP began the quarter at \$1.91 and finished the quarter at \$0.51, a 73 percent drop from January 1. On March 31, 2018, XRP was up exactly 100 percent from the rally that began December 11. Broadly, Q1 market participants did not differentiate between different digital assets. While the Q4 rally was more sequential in nature, with interest in one asset waning as it increased in another, the Q1 retracement was indiscriminate, with the market collectively exiting positions. In fact, on February 25, XRP's minimum 30-day correlation to the other top nine digital assets was 76 percent.



(Xhttps://ripple.com/insights/wp-content/uploads/2014/10/Graph2.png)

In addition, XRP had its highest volume quarter in history, with a total of \$160.0 billion notional traded.

## Market Share of XRP Doubles

Though XRP largely followed broader market price action in Q1, there were some significant deviations. For example, while the total market capitalization of all digital assets was the same on both November 24, 2017 and March 31, 2018, XRP's share of that market capitalization doubled, rising from 3.56 percent to 7.57 percent — a continuation of a trend that first began in 2017.

XRP's share of overall market volume (6.9 percent) also grew significantly compared to its share in Q4 (5.3 percent) and 2017 overall (5.0 percent). Part of the increase in XRP's share of volume was driven by 18 new venues listing XRP in Q1, including both US-based Abra (<https://techcrunch.com/2018/03/15/abra-adds-twenty-cryptocurrencies-to-its-wallet-app/>) and Uphold (<https://ripple.com/insights/xrp-ecosystem-grows-with-new-listing-on-uphold/>). This brought the total number of exchanges that list XRP to more than 60.

XRP's volume was also driven by the extension of more than \$16 million in new XRP loans from XRP II, LLC to market makers. A significant pain point for digital asset liquidity providers is the need to purchase or borrow assets in order to provide both bids and offers. Now, with the ability to secure cost-effective, capital-efficient XRP loans, market makers are less challenged to get involved in XRP markets. The added flexibility also allows liquidity providers to tighten spreads as their margins aren't hampered by the high costs of sourcing inventory or by the risk of holding significant amounts of inventory.

For Ripple, this additional liquidity is useful for xRapid (<https://ripple.com/solutions/source-liquidity/>) as it increases the capacity of order books to support cross-border payments. Also, incremental liquidity in order books will lower volatility over time, further increasing XRP's ability to provide on-demand liquidity for xRapid.

## Important News Moments

Q1 was dominated by headlines across the digital asset market. Those headlines ranged from specific xRapid customer announcements to regulatory developments around the globe.

### xRapid

In Q1, Ripple announced five new xRapid pilot customers — Western Union (<http://fortune.com/2018/02/14/ripple-xrp-western-union-money-transfers/>), Cambridge Global Payments (<https://ripple.com/insights/cambridge-use-xrp-faster-global-payments/>), MercuryFX (<http://www.businessinsider.com/ripple-cryptocurrency-xrp-adds-2-financial-services-firms-client-roster-2018-1>), IDT (<http://www.businessinsider.com/ripple-cryptocurrency-xrp-adds-2-financial-services-firms-client-roster-2018-1>) and MoneyGram (<https://www.wsj.com/articles/moneygram-signs-deal-to-work-with-currency-startup-ripple-1515679285>). The pilots, which involve live transactions, have continued to prove that xRapid can lower liquidity costs and dramatically increase payment speed and transparency using XRP. In Q2, Ripple will look to grow the number of xRapid pilots and work to move existing pilots into production.

## Changes to Major Index Prices



(/) On January 18, Coinmarketcap.com unexpectedly removed South Korean digital asset exchanges from all of its index prices (<https://www.wsj.com/articles/a-crypto-website-changes-its-data-and-100-billion-in-market-value-vanishes-1515443100>). The decision seemed to be motivated by increasing premiums, sometimes as high as 40 percent on the Korean exchanges, which were dislocating prices on the site. The change artificially erased \$100 billion in market value, which resulted in significant market turbulence. While it impacted all digital asset prices, XRP's relatively high share of volume from the South Korean market meant its displayed price dropped disproportionately versus other top digital assets. XRP fell 19.1 percent versus an average of 7.2 percent for the other top five digital assets by market capitalization on Coinmarketcap.com's index price.

## Continued Regulatory Developments

While the Coinmarketcap.com index adjustment drove Q1 volatility initially, the primary driver of price action throughout the quarter seemed to be an anticipation of a more restrictive regulatory environment for digital assets across the globe. Local regulators became increasingly concerned about consumer protection in their respective countries. In early January, rumors swirled about an outright ban (<https://www.reuters.com/article/us-southkorea-bitcoin/uproar-over-crackdown-on-cryptocurrencies-divides-south-korea-idUSKBN1F10YG>) of digital assets in South Korea. Within days of that report, the country's finance minister stated that an outright ban on digital assets was unrealistic (<https://www.reuters.com/article/us-southkorea-bitcoin/south-korea-says-no-plans-to-ban-cryptocurrency-exchanges-uncovers-600-million-illegal-trades-idUSKBN1FK09J>). The mixed reports, coupled with already turbulent market activity, drove 30-day volatility of daily returns to 23 percent on January 10, XRP's second-highest volatility level following its April 2017 run up in price.

(<https://ripple.com/wp-content/uploads/2014/10/Graph3.png>)

China furthered its tougher regulatory stance, increasing the scope of its bans on digital asset trading (<https://www.coindesk.com/pboc-official-calls-for-wider-ban-on-chinese-crypto-trading-report/>). While initial coin offerings (ICOs) and digital asset-to-fiat currency exchange trading had already been banned in China, local regulators expanded the ban to over-the-counter (OTC) trading, digital asset trading on foreign exchanges and providers of online wallet services.



(//We also see insights) regulators take action against specific exchanges. In January, the CFTC subpoenaed Bitfinex and Tether (<https://www.bloomberg.com/news/articles/2018-01-30/crypto-exchange-bitfinex-tether-said-to-get-subpoenaed-by-cftc>) to investigate whether Tether had backed each of its digital coins with U.S. dollars held in reserve. And in Japan, regulators engaged Coincheck, which suffered the largest hack in digital asset history (<https://www.forbes.com/sites/outofasia/2018/01/29/tracing-back-stolen-cryptocurrency-xem-from-japans-coincheck/#736803277eb6>), resulting in the loss of \$534 million worth of NEM tokens.

The volatility of January spurred some financial institutions (<https://www.coindesk.com/coinbase-confirms-4-banks-blocking-bitcoin-purchases-on-credit-cards/>) to ban cryptocurrency purchases using their credit cards. Around the same time, Agustín Carstens, general manager for the Bank for International Settlements (BIS), described bitcoin as “a combination of bubble, Ponzi scheme, and an environmental disaster. (<https://www.ft.com/content/78bf5612-0b1a-11e8-839d-41ca06376bf2>)”

Further, many countries called for the G20 to consider how to regulate digital assets at their meeting in March. The Financial Stability Board noted to the G20 that rules are needed to ensure consumer protection, yet said “cryptoassets do not pose risks to global financial stability at this time.”

The G20 ended its March meeting stating ([https://back-g20.argentina.gob.ar/sites/default/files/media/communique\\_g20.pdf](https://back-g20.argentina.gob.ar/sites/default/files/media/communique_g20.pdf)), “We acknowledge that technological innovation, including that underlying crypto-assets, has the potential to improve the efficiency and inclusiveness of the financial system and the economy more broadly.” Additionally, the G20 announced it will continue monitoring the technology, collecting more information through the summer to ensure its regulatory recommendations capture risk without stifling innovation.

This viewpoint lays the foundation for a thoughtful regulatory framework.

Additionally, positive developments continued at the country level:

1. **Mexico’s Senate** approved a bill that creates a regulatory framework for fintech, including digital assets. Now awaiting the president’s approval, the bill creates the foundation for greater enterprise adoption ([https://ripple.com/ripple\\_press/ripple-applauds-mexicos-lower-house-of-congress-for-passing-fintech-rules/](https://ripple.com/ripple_press/ripple-applauds-mexicos-lower-house-of-congress-for-passing-fintech-rules/)).
2. The **European Commission** issued a Fintech Action Plan ([http://europa.eu/rapid/press-release\\_IP-18-1403\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-18-1403_en.htm?locale=en)) that embraces many new technologies. The Commission is studying digital assets and will issue a report on their use cases later this year.
3. The **United Kingdom’s** government announced a Cryptoassets Task Force (<https://www.gov.uk/government/news/fintech-sector-strategy-launched-at-international-fintech-conference>) to ensure the country will “be at the forefront of harnessing the potential benefits” while safeguarding against risk.

If you’re interested in the last two quarterly reports, you can find Q4 2017 here (<https://ripple.com/insights/q4-2017-xrp-markets-report/>) and Q3 2017 here (<https://ripple.com/xrp/q3-2017-xrp-markets-report/>).





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**PX 501.07**

# Q2 2018 XRP Markets Report

By Cory Johnson & Miguel Vias

## Ripple sells \$73.53 million in XRP amidst low volatility in Q2 2018

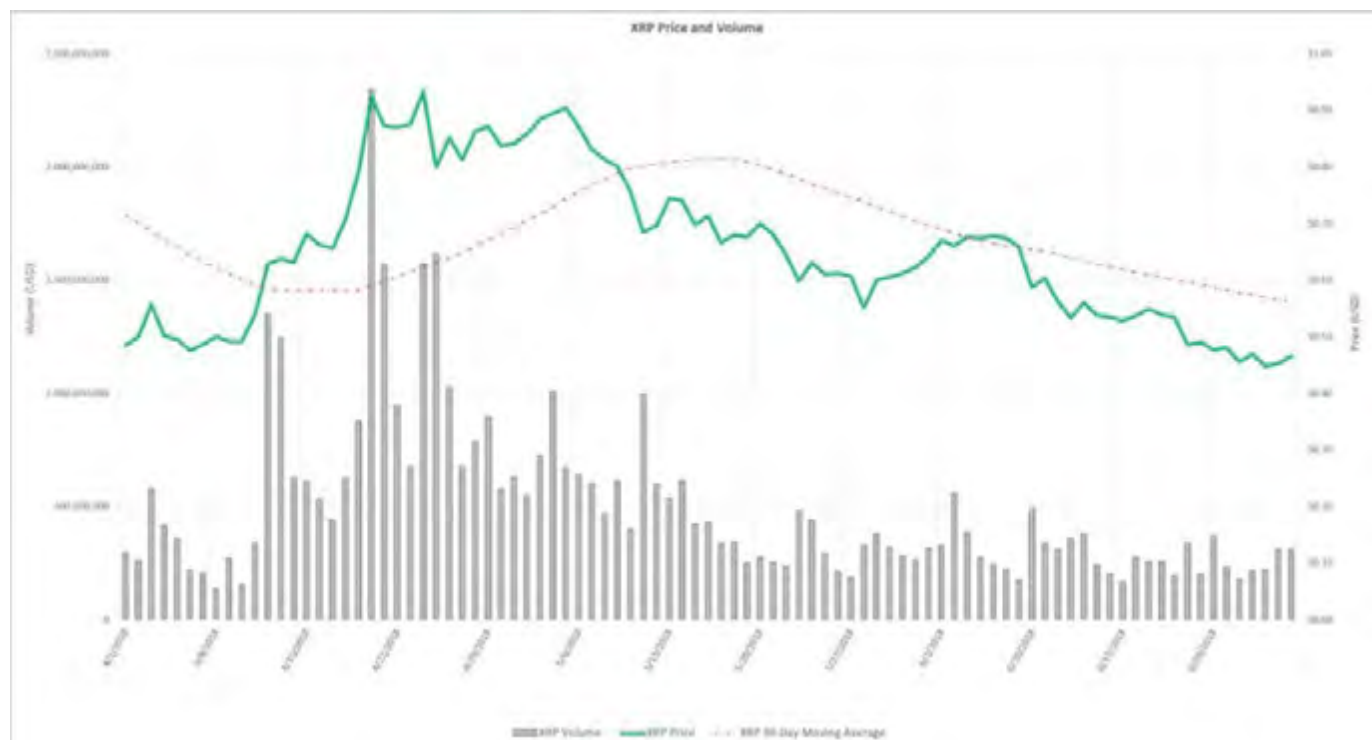
- \$73.53 million XRP sold
- Ripple sales volume accounted for 0.125 percent of global XRP volume
- Three billion XRP released out of cryptographic escrow, 2.7 billion XRP returned to escrow

<b>Sales Summary</b> <i>(dollars in millions)</i>	<b>Q2 2018</b>	<b>Q1 2018</b>
<b>Direct sales</b>	<b>16.87</b>	<b>16.60</b>
<b>Programmatic sales</b>	<b>56.66</b>	<b>151.10</b>
<b>Total sales</b>	<b>73.53</b>	<b>167.70</b>
<b>Global XRP volume</b>	<b>45.3B</b>	<b>160.0B</b>
<b>Programmatic sales as % of total volume</b>	<b>0.125%</b>	<b>0.09%</b>
<b>Sales as % of total volume</b>	<b>0.162%</b>	<b>0.10%</b>

In Q2 2018, the company sold \$56.66 million XRP programmatically. This represented 0.125 percent, or 12.5 basis points of the total XRP volume traded globally in the second quarter.

In addition, XRP II, LLC — a Ripple subsidiary that is a registered and licensed money service business (MSB) — sold \$16.87 million XRP in direct sales. In total, the company sold \$73.53 million in Q2.

XRP was notably less volatile in Q2 and XRP's 9.0 percent price decline was in line with bitcoin's 8.2 percent decline. Despite the tepid environment, the company's XRP sales proved to be a drop in the bucket of an XRP market that traded \$45.35 billion.



## Q2 Escrow Activity

In Q4 2017, Ripple locked up 55 billion XRP in a [cryptographically-secured escrow account](#). Due to the lockup, Ripple has access to only 13 percent of the total XRP in circulation.

In Q2 2018, XRP was again released out of escrow. 3 billion XRP was released out of escrow (1 billion each month). 2.7 billion XRP was subsequently put into new escrow contracts.

The remaining 300 million XRP not returned to escrow is being used in a variety of ways to help support the XRP ecosystem.

## New Entrants

Q2 brought several significant new entrants into the XRP ecosystem, such as [Coil](#), a new venture led by Stefan Thomas that will use XRP for various micropayments applications, such as facilitating “bite-sized” purchases of media.

Additionally, Scooter Braun, entertainment talent manager, entrepreneur and founder of [SB Projects](#), is pursuing several endeavors that will use XRP to improve artists’ ability to monetize and manage their content.

Both of these new entrants have support from [Xpring](#), a new initiative by Ripple that will work with companies and projects run by proven entrepreneurs that are building out the XRP ecosystem.

## Market Commentary

The total market capitalization of all digital assets started the year at \$603.7 billion but by mid-year — despite the issuance of hundreds of new ICO “coins” — had declined to \$254.7 billion.

During Q2, the XRP market also slowed considerably, compared to the prices and volumes we saw in Q4 2017 and Q1 2018.

This slowing could be attributed to the ongoing concern around regulation, both in the U.S. and around the globe. Despite the SEC announcing in June that they [don’t consider ether a security](#), there wasn’t a meaningful and sustained bump in volume or price of any digital asset, including XRP.

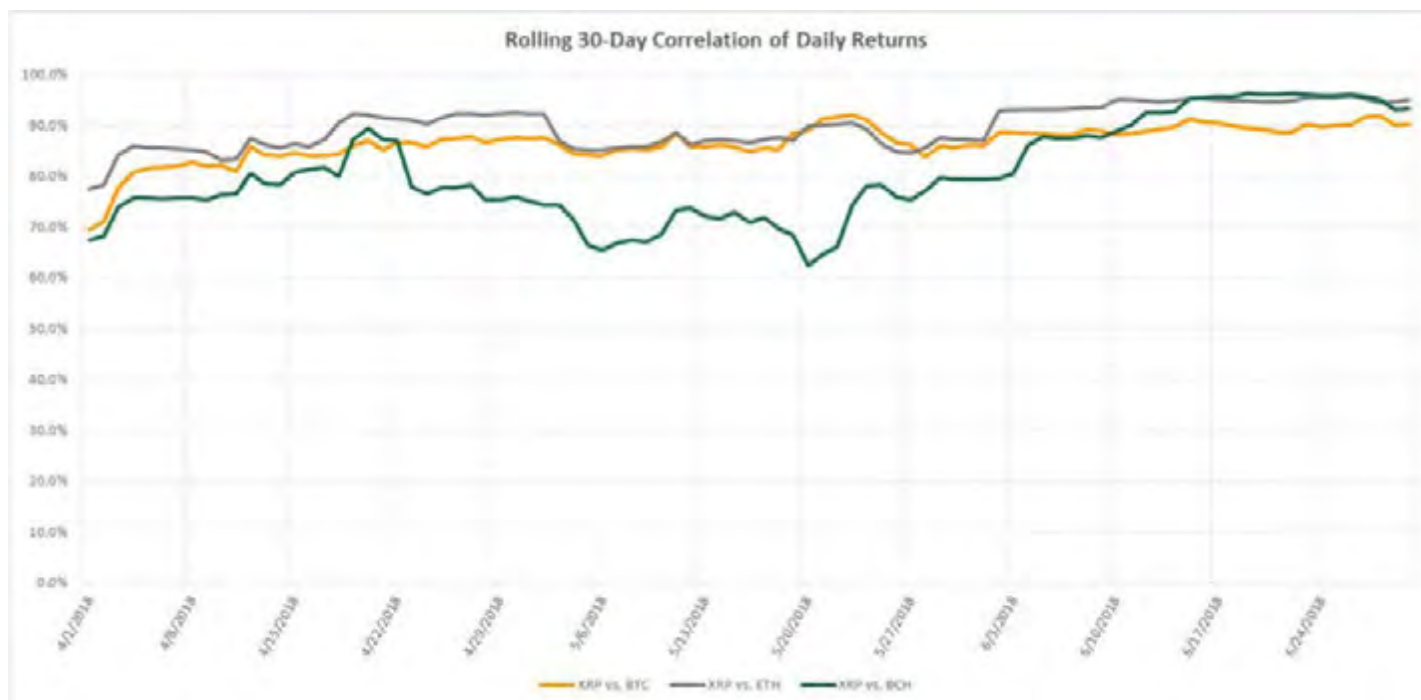
The decline in both volume and price was consistent across the majority of digital assets, as many moved with tight correlation.



The tight correlation is indicative of a market that is still in its infancy. Traders have yet to distinguish among the intrinsic values of the best known digital assets. As the industry matures and decides what it deems most useful and valuable, we should expect to see more separation.

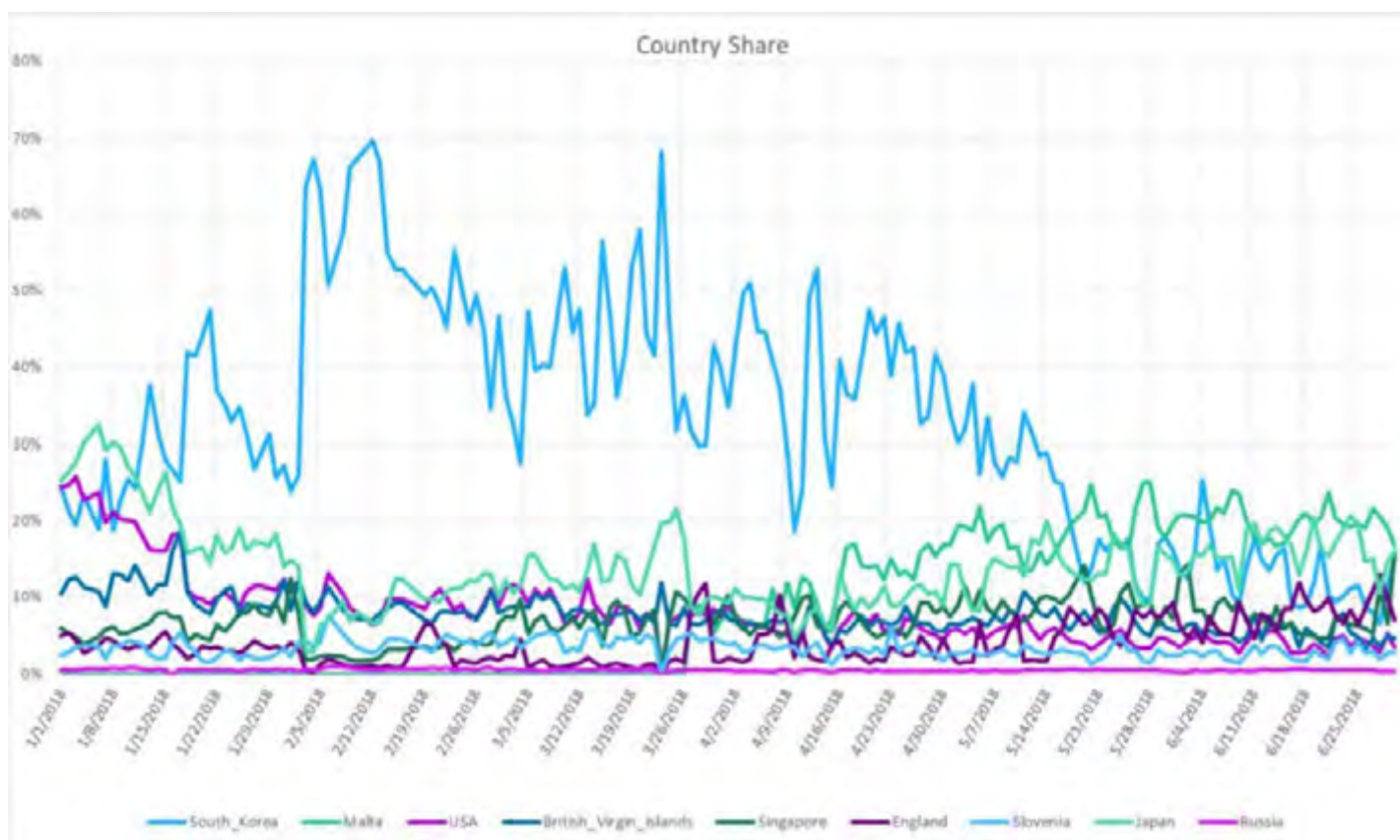
When we drilled down further to specific assets, we saw some slight variation. XRP performed in line with bitcoin (-9.0 percent vs. -8.2 percent), while widely traded digital assets ether and bitcoin cash outperformed, up 14.8 percent and 9.3 percent.





It's also important to note that despite Ripple having its best quarter ever in Q2 — in terms of customers signed — XRP's price continued to decline with those of other digital assets, underscoring XRP's independence from Ripple.

Also notable in the contraction of the market was the lessening influence of South Korean trading. South Korea had dominated digital asset trading, on some days accounting for nearly 70 percent of global volume. But by the end of the second quarter, South Korea's trading had fallen to fourth in global share. Several [prominent exchange hacks in South Korea](#), along with overall fatigue from traders, may have contributed to the recent fall.



Speculative traders drove volatility to 13.8 percent in Q4 2017, but as retail investing in digital assets subsided in Q2 2018, XRP volatility also abated — falling to 5.7 percent. It was the lowest volatility XRP has seen since Q4 2016. The highest XRP volatility, as it happens, was not Q4 2017, but Q2 2017 when XRP volatility hit 22.3 percent. The decline in volatility was accompanied, chicken and egg style, by a decline in volume.

That lower volume notwithstanding, a number of the largest firms in finance made a series of announcements about moving into the space:

- [Goldman Sachs](#) announced plans to start a digital asset trading desk.

- [JP Morgan](#) named a head of “crypto-asset strategy.”
- [Nasdaq’s](#) CEO Adena Friedman said it would consider becoming a crypto exchange.
- [Fidelity](#) said it was building a digital asset exchange.
- [Nomura](#) became the first bank to offer custody services for digital assets.

These announcements are nascent efforts but seem to indicate widespread interest in digital assets from the largest names in finance. However, it’s important to note that these are announcements — they have yet to lead to meaningful institutional crypto trading. Nevertheless, it’s clear that financial institutions are beginning to build crypto divisions and establish technological solutions to take advantage of the opportunity at hand.

Last quarter’s (Q1 2018) XRP market report can be found [here](#).

*XRP II, LLC is licensed to engage in Virtual Currency Business Activity by the New York State Department of Financial Services.*

*Correction: An earlier version of the post stated that total sales of XRP was \$75.53 million. This was not accurate. We have updated the post to reflect the correct number: \$73.53 million.*

**PX 501.08**

# Q3 2018 XRP Markets Report

By Cory Johnson & Miguel Vias

## Ripple sells \$163 million in XRP amidst rising volatility and volume in Q3 2018

- Ripple sales accounted for 0.43 percent of global XRP volume
- Three billion XRP released out of cryptographic escrow, 2.6 billion XRP returned to escrow
- Wall Street firms take early steps towards providing institutional custody of digital assets

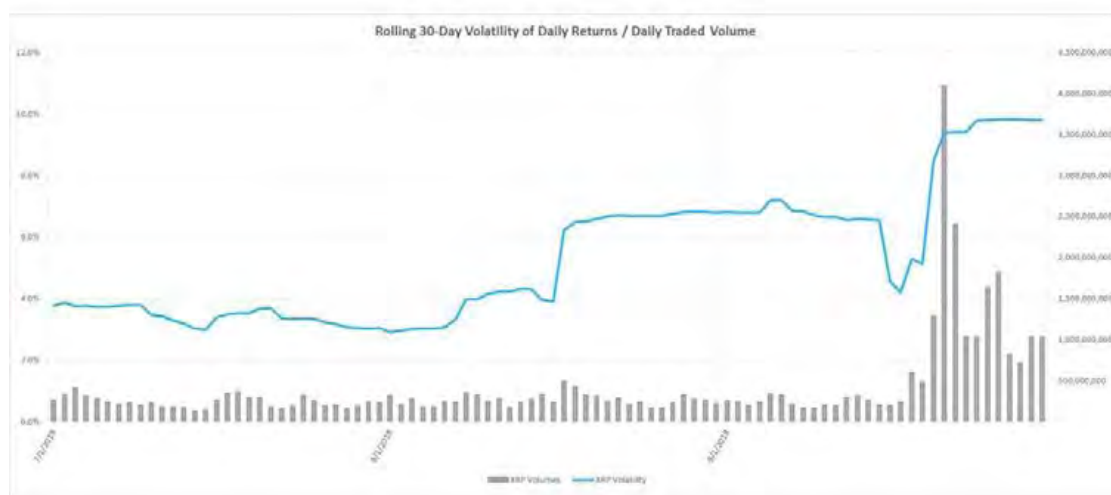
Sales Summary (dollars in millions)	Q3 2018	Q2 2018
Institutional Direct Sales	98.06	16.87
<u>Programmatic sales</u>	65.27	56.66
<b>Total sales</b>	<b>163.33</b>	<b>73.53</b>
<b>Global XRP volume</b>	<b>38.0B</b>	<b>45.3B</b>
Programmatic sales as % of total volume	0.17%	0.125%
Sales as % of total volume	0.43%	0.162%

## RIPPLE'S XRP SALES

In Q3 2018, Ripple sold \$65.27 million worth of XRP programmatically. This represented 0.172 percent, or 17.2 basis points of the total XRP volume traded globally in the third quarter.

In addition, XRP II, LLC — a Ripple subsidiary that is a registered and licensed money service business (MSB) — sold \$98.06 million worth of XRP in institutional direct sales. In total, the company sold \$163.33 million worth of XRP in Q3.

XRP volatility was light throughout most of the quarter, then jumped in the last two weeks of the quarter as the price also increased.



## Q3 ESCROW ACTIVITY

In Q4 2017, Ripple locked up 55 billion XRP in a cryptographically-secured escrow account. Ripple created the lockup to create certainty of XRP supply at any given time. Due to that lockup, Ripple has access to only 13 percent of the total XRP in circulation. Ripple's sales were a tiny fraction of that amount.

In Q3 2018, 3 billion XRP was again released out of escrow (1 billion each month). 2.6 billion XRP was subsequently put into new escrow contracts.

The remaining 400 million XRP not returned to escrow is being used in a variety of ways to help support the XRP ecosystem.

## MARKET COMMENTARY

The total market capitalization of digital assets fell again in the third quarter, declining 12.0 percent. Most of the major assets, including XRP, traded in a continued tight correlation, though XRP price rallied at quarter end.

Industry activity continued its growth with a myriad of announcements (e.g. [Coil](#) began testing its web monetization product with more than 200 websites enabling XRP payments), although three trends stood out in Q3.

## ICOs and Regulation

Q3 saw a pullback in initial coin offering (ICO) issuances on the heels of [a report by ICORating](#) that said 55 percent of initial coin offerings failed to complete their crowdfundings in the second quarter.

In addition, U.S. regulators took a number of actions throughout the quarter in an effort to support healthy markets:

- ICO promoters were a particular target. On Sept. 11, the SEC filed its first case arguing that an unregistered broker-dealer sold digital tokens. La Jolla, California-based "Crypto Asset Management" raised \$3.6 million from 44 investors in 15 states last year and had \$37

million under management by year end. The firm was censured and agreed to pay a \$200,000 [penalty](#).

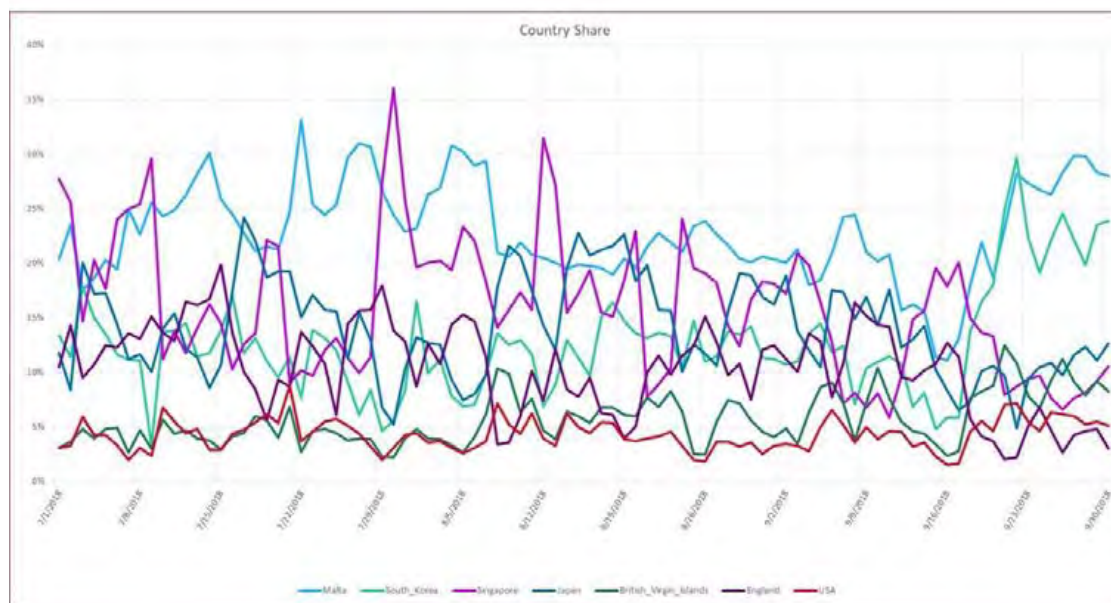
- In its first cryptocurrency action, FINRA [charged](#) a Massachusetts man who announced “HempCoin” to induce investment into his “worthless” company “Rocky Mountain Ayre.” FINRA exerted jurisdiction citing Ayre’s previous registration as a broker-dealer.
- The Securities and Exchange Commission rejected a Bitcoin ETF application by Cameron and Tyler Winklevoss. “A substantial majority of Bitcoin trading occurs on unregulated venues overseas that are relatively new and that, generally, appear to trade only digital assets,” the SEC said in a [lengthy filing](#). Further, the SEC found that Bitcoin “is not demonstrably resistant to manipulation.”
- In a closely watched decision, in September a federal judge in Boston [ruled](#) that the Commodity Futures Trading Commission sufficiently alleged that a virtual currency named My Big Coin met the definition of a commodity and fell under the CFTC’s purview.

## Geographic Trends

In the final days of the quarter, South Korean exchanges emerged as some of leading trading venues for digital assets.

Also of note is the country of Malta. For more than two-thirds of the quarter, overall global digital asset trading was led by exchanges based in Malta.

Over the last six months, Malta has proposed a number of rules that create a clear legal framework for the trading of digital assets. Additionally, Malta lets international companies pay as little as 5 percent in corporate taxes. Prime Minister Dr. Joseph Muscat has called cryptocurrencies “the inevitable future of money.” This has led to a number of large crypto firms, including Binance and OKEX Technology, moving their operations to the Mediterranean island nation.



## Wall Street Adoption

Big institutional firms continue moving towards backing crypto trading, but have yet to launch offerings into the market. In August, [Bloomberg News](#) reported that Goldman Sachs Group was considering a plan to offer custody for crypto funds, citing “people with knowledge of the matter.” In the second quarter Nomura Holdings announced a custody consortium called Komainu, and Bank of New York Mellon, JPMorgan Chase and Northern Trust are all reportedly exploring or already working-on crypto-custody services.



Announcements of this sort continued in Q3, but the efforts have yet to yield wide spread institutional trading. This has allowed emerging companies to build a handful of large businesses trading digital assets — traditional Wall Street firms are waiting in the wings.

Last quarter's (Q2 2018) XRP market report can be found [here](#).



**PX 501.09**

# Q4 2018 XRP Markets Report

Ripple sold \$129.03 million worth of XRP in Q4 2018; \$535.56 million for the full year 2018

- Ripple Q4 sales accounted for 0.24% percent of global XRP volume
- Three billion XRP released out of cryptographic escrow, 2.4 billion returned to escrow
- Average daily XRP volume (\$585.7M) was the highest since Q1 2018
- XRP is now listed on over 100 exchanges worldwide

Sales Summary			
(dollars in millions)			
	Q3 2018	Q4 2018	2018
Institutional direct sales	98.06	40.15	171.71
Programmatic sales	65.27	88.88	363.86
<b>Total sales</b>	<b>163.33</b>	<b>129.03</b>	<b>535.56</b>
<b>Global XRP volume</b>	<b>38.0B</b>	<b>54.8B</b>	<b>298.46B</b>
Programmatic sales as % of total volume	0.17%	0.16%	0.12%
Sales as % of total volume	0.43%	0.24%	0.18%

## RIPPLE'S XRP SALES

In Q4 2018, Ripple sold \$88.88 million worth of XRP, programmatically. This represented 0.16 percent, or 16.2 basis points of the total XRP volume traded globally in the fourth quarter.

In addition, XRP II, LLC — a Ripple subsidiary that is a registered and licensed money service business (MSB) — sold \$40.15 million worth of XRP in institutional direct sales.

In total, the company sold \$129.03 million worth of XRP in Q4. In 2018 overall, the company sold \$535.56 million worth of XRP.

## Q4 ESCROW ACTIVITY

In Q4 2018, three billion XRP was again released out of [escrow](#) (one billion each month). 2.4 billion XRP was returned and subsequently put into new escrow contracts. The remaining 600 million XRP not returned to escrow is being used in a variety of ways to help support the XRP ecosystem, including the [RippleNet Accelerator Program](#) and Xpring investments like [Securitize](#).

## XRP COMMENTARY

### Volatility and Volume

In Q4, we saw an overall settling of XRP volatility compared to quarters' past. XRP's volatility of daily returns was 5 percent — the lowest quarterly average since Q4 2016. Conversely, we saw the average daily volume for XRP increase substantially. The average XRP daily volume was \$595.7M — the highest quarterly average since Q1 2018.

In addition, towards the latter part of Q4, XRP's correlation with top digital assets returned to the elevated levels seen through the end of Q1 2018 through early Q3 2018.

### New Exchanges

There were over 30 new exchanges that listed XRP in Q4. With these additions, there are now over 100 exchanges worldwide that list XRP.

There were also nine exchanges that listed XRP as a base pair against at least one other digital asset. Binance, the world's largest digital asset exchange, [listed XRP as a base against both TRON \(TRX\) and Zcoin \(XZC\)](#).

### xRapid

In early October, Ripple's product xRapid — which uses [XRP for on-demand liquidity](#) — became commercially available. MercuryFX, Cuallix and [Catalyst Corporate Federal Credit Union](#) were the first to sign on. Catalyst Corporate Federal Credit Union, a wholesale cooperative financial institution that serves more than 1,400 member and client credit unions throughout the United States, will use xRapid on behalf of their members to create a new cross-border payment service.

## MARKET COMMENTARY

### Stablecoins

The quarter brought increased media attention to stablecoins – digital assets that are pegged to fiat currencies such as the United States dollar. The biggest stablecoin news of the quarter came when [Bloomberg reported](#) that Tether – a widely used stablecoin – was potentially solvent. Before the report was issued, many in the blockchain space were concerned that Tether did not have a dollar backing every Tether issued. The report has tempered those fears for the time being.

We also saw Basis – a highly touted stablecoin – shut down due to regulatory concerns and is returning a vast majority of the \$133 million raised from investors.

In other relevant news, Coinbase announced plans to [enable its users to hold USDC in their Coinbase wallet](#), and Facebook [was rumored](#) to be exploring a stablecoin for payments in WhatsApp.

While stablecoins are an interesting technology and worth exploring, the industry should be cautious about coins backed by a single entity, as compared to decentralized digital assets. Stablecoins can introduce counterparty risk and trust back into the system and have the potential to undermine the entire thesis behind blockchains and digital assets.

### **Crypto Crackdown & Maturation**

The market continued to mature in Q4. First, we saw an increase in enforcement actions against questionable crypto projects, including ICOs. By weeding out these projects, the market will naturally contract as legitimate projects thrive and experiments or scams disappear.

In addition, we saw reputable financial institutions both in the U.S. and abroad continue to push ahead with their digital asset or blockchain plans.

### **Here are a few highlights:**

*Notable Enforcement Actions in Q4*

*Institutional Interest in Q4*

If you are interested in viewing the Q3 XRP Markets Report, you can find it [here](#).

*Note: An earlier version of this post included a table that stated Q2 this was an error the data was for Q4.*

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## Q1 2019 XRP Markets Report

5 MIN READ • TEAM RIPPLE

APR 24, 2019

### Ripple sold \$169.42 million of XRP in Q1 2019

- Ripple's Q1 sales accounted for 0.32 percent of global XRP volume
- Three billion XRP were released out of cryptographic escrow, 2.30 billion returned to escrow
- XRP is now listed on approximately 120 exchanges worldwide

#### Sales Summary (*dollars in millions*)

	Q4 2018	Q1 2019
Institutional direct sales	40.15	61.93
Programmatic sales	88.88	107.49
Total sales	129.03	169.42
<b>Global XRP volume</b>	<b>54.82B</b>	<b>53.85B</b>
Total sales as % of total volume	0.24%	0.32%

#### RIPPLE'S XRP SALES

In Q1 2019, Ripple sold \$61.93 million of XRP in institutional direct sales and \$107.49 million of XRP in programmatic sales. In total, the company sold \$169.42 million of XRP in Q1.

### Q1 ESCROW ACTIVITY

In Q1 2019, three billion XRP were again released out of escrow (one billion each month). Additionally, 2.30 billion XRP were returned and put into new escrow contracts. The remaining 700 million XRP not returned to escrow are being used in a variety of ways to help support the XRP ecosystem.

### XPRING

Q1 saw significant developments from key companies focused on projects building and utilizing XRP, the XRP Ledger and ILP. These companies, which Xpring invested in and supports, include:

- XRPL Labs (<https://medium.com/xpring/investing-in-wietse-winds-xrpl-labs-cff19d964c76>) develops applications for the XRP ledger
- Kava (<https://medium.com/xpring/investing-in-kava-1dd820519a4f>) is the first Interledger solutions provider bringing interoperability of Interledger technology to blockchains, wallets and exchanges
- Forte (<https://medium.com/xpring/partnering-with-forte-44b6d3304bbb>) provides tools for game developers to integrate blockchain technology into new and existing games
- Bolt Labs (<https://medium.com/xpring/investing-in-bolt-labs-55da169bd79c>) builds payment channel implementations using zero-knowledge proofs, blind signatures and commitments

### XRP COMMENTARY

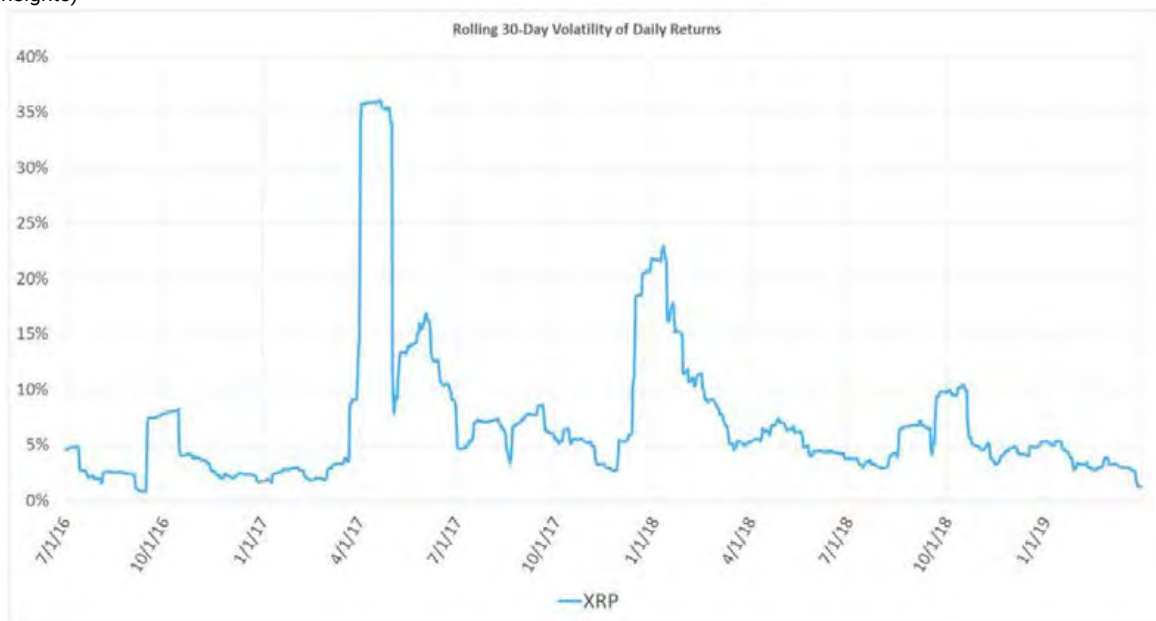
#### Volatility, Volume and Correlation

XRP's volatility of daily returns over the quarter was 2.90 percent, marking Q1 the second lowest volatility quarter since Q4 2013. Rolling volatility of 30-day returns steadily declined throughout the quarter such that XRP volatility of 30-day returns fell to its lowest levels since Q3 2016.

While the price of XRP decreased, the average XRP daily volume was \$595.28 million which is on par with XRP daily volume from Q4 2018. In addition, XRP's correlation with other top digital assets remained consistently high throughout the quarter.



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## New Exchanges

This quarter, 19 new exchanges listed XRP bringing the total number to approximately 120 exchanges worldwide.

## RippleNet

At the start of the quarter, Ripple announced RippleNet surpassed more than 200 customers worldwide, with the addition of 13 new financial institutions that signed up for the company's payment network. These companies include Euro Exim Bank, SendFriend, JNFX, FTCS, Ahli Bank of Kuwait, Transpaygo, BFC Bahrain, ConnectPay, GMT, WorldCom Finance, Olympia Trust Company, Pontual/USEND and Rendimento.

Of those customers, JNFX, SendFriend, Transpaygo, FTCS and Euro Exim Bank announced that they will leverage XRP to source liquidity on-demand.

## MARKET COMMENTARY

### Reset during Crypto Winter

The industry has referred to the past several months as the "crypto winter" after a year-long bear market. During this time, blockchain and crypto companies, especially those without a clear use case or utility, were forced to shift business and product goals and/or abandon their projects.



(/)Overall, the insights for the industry as legitimate businesses gain traction and scams and non-businesses fall by the wayside.

## Market Validation from Legacy Players

Several legacy players and technology companies announced new products and blockchain solutions to fix payments, which is a strong validation for the market. Companies are planning to use decentralized blockchain technology and stablecoins to improve payments, while others released new features to fix existing infrastructure and address customer pain points.

In addition, various payment providers are trying to build workarounds to legacy infrastructure to deliver faster, lower cost, more reliable cross-border payments.

## The Rise of Digital Banks and Mobile Wallets

Digital banks continue to gain traction and are going after traditional banks' market share. Predominantly in the UK, these contender banks are looking to expand to new geographies and services, including cross-border payments.

Also, there is a growing trend of mobile wallets acquiring cryptocurrency, which increases accessibility to a broader audience. This will likely help drive digital asset adoption, volume, liquidity and credibility.

## Here are a few highlights:

### Institutional Interest in Q1

#### *Crypto exchanges launch OTC desks*

- Binance follows major crypto exchanges with launch of OTC trading desk (<https://cointelegraph.com/news/binance-follows-major-cryptocurrency-exchanges-with-launch-of-otc-trading-desk>)

#### *Institutional exchanges continue to make moves*

- Fidelity's Digital Asset Platform Goes Live With Select Clients (<https://cointelegraph.com/news/fidelitys-digital-asset-platform-goes-live-with-select-clients>)
- Eurex, derivatives exchange operative by Deutsche Börse, launching crypto derivatives exchanges, starting with BTC, ETH, XRP (<https://www.theblockcrypto.com/2019/02/21/a-european-exchange-giant-is-gearing-up-to-jump-on-the-crypto-futures-bandwagon/>)

### Regulatory Activity in Q1

#### *International*

- **The Basel Committee**, which sets the global standard for bank regulation, released its first guidance ([https://www.bis.org/publ/bcbs\\_n121.htm](https://www.bis.org/publ/bcbs_n121.htm)) on the steps banks should take when they acquire digital assets.

#### *Americas and Europe*

- **Mexico's central bank** released (<https://themerkle.com/central-bank-of-mexicos-new-guidelines-will-not-result-in-a-crypto-ban/>) new rules for digital asset exchanges and financial institutions that hold digital assets.
- The **European Banking Authority** (<https://eba.europa.eu/documents/10180/2545547/EBA+Report+on+crypto+assets.pdf>) and **European Securities and Markets Authority** (<https://www.esma.europa.eu/press-news/esma-news/crypto-assets-need-common-eu-wide-approach-ensure-investor-protection>) proposed digital asset frameworks and called for them to be adopted as uniform regulation across Europe.

#### *APAC*

- **Thai Finance Ministry** awarded (<https://www.coindesk.com/thai-finance-ministry-awards-licenses-to-4-crypto-firms-rejects-2>) licenses to four digital asset firms, while the **Thai Stock Exchange** applied (<https://www.newsbtc.com/2019/01/17/thailand-stock-exchange-applies-for-digital-license-for-crypto-trading/>) for a trading license to capture digital assets as a growing investment category.
- **Malaysia's Securities Commission** expects to launch (<https://www.reuters.com/article/us-crypto-currencies-malaysia/malaysia-to-regulate-initial-coin-offerings-cryptocurrency-trade-idUSKCN1P80PH>) a regulatory framework to guide the requirements for ICO issuance and digital asset trading.

#### *Middle East and Africa*

- **South African** financial regulatory organization released consultation paper (<https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/9037/CAR%20WG%20Consultation%20paper%20on%20crypto%20a>) to drive clarity on digital asset regulation.
- **Bahrain** is the first country in the Middle East to implement (<https://www.bloomberg.com/news/articles/2019-02-25/crypto-assets-get-arab-world-s-first-regulatory-nod-from-bahrain>) a comprehensive framework to regulate digital assets with the publishing of final rules by the central bank.





(/) Please find the Q4 2018 XRP Markets Report here (<https://ripple.com/insights/q4-2018-xrp-markets-report/>).

**Note:** All data in this report was pulled from [coinmarketcap.com](https://coinmarketcap.com/) (<https://coinmarketcap.com/>)

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### Payments Network

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## Q2 2019 XRP Markets Report

11 MIN READ • TEAM RIPPLE

JUL 24, 2019

Ripple publishes the quarterly XRP Markets Report to provide regular updates on the state of the market, including quarterly programmatic and institutional strategy and sales, relevant XRP-related announcements such as Xpring and RippleNet partnerships, and commentary on previous quarter market developments. As an owner of XRP, Ripple believes in proactive transparency and in being a responsible stakeholder. Ripple urges others in the industry to follow its lead to build trust, foster open communication, and raise the bar industry-wide.

### CHANGE IN VOLUME BENCHMARK

In June 2019, Ripple shared (<https://ripple.com/insights/raising-the-bar-reporting-on-volume-and-sales-of-xrp/>) that the company's sales of XRP in Q2 2019 would be lower as a percentage of reported volume than in the previous quarters due to the concerns about misreported, falsified and inflated reported trading volumes.

Ripple worked with trusted partners to evaluate new sources of legitimate trading volume. After evaluation, Ripple decided CryptoCompare (<https://www.cryptocompare.com>)'s Top Tier (CCTT), the exchanges rated "AA," "A," and "B" by its Exchange Benchmark ([https://www.cryptocompare.com/media/35650785/cryptocompare\\_exchange\\_benchmarking\\_2019\\_06.pdf](https://www.cryptocompare.com/media/35650785/cryptocompare_exchange_benchmarking_2019_06.pdf)), offers a more complete look on the quality, regulatory environment, management, and structure of exchanges that filter out a majority of unverified volumes. Publicly available sources of trusted trading volume are still in relatively early stages, but CCTT is in line with what Ripple believes to be more accurate XRP trading volumes. For now, Ripple will use CCTT as its benchmark, and will continue to work proactively with industry participants toward resolving the issues around unreliable industry volume data.

### Q2 HIGHLIGHTS

- Overall market capitalization of digital assets sharply increased in Q2.
- Ripple sold \$251.51 million XRP in Q2 2019 and is substantially reducing future sales of XRP.
- Given the concerns about overstated market trading volumes, CryptoCompare will be Ripple's primary benchmark for XRP market volume going forward.
- Three billion XRP were released out of cryptographic escrow, 2.10 billion returned to escrow.
- XRP is now listed on over 130 exchanges worldwide.

Sales Summary ( <i>dollar in millions</i> )	Q1 2019	Q2 2019
Institutional direct sales	61.93	106.87



Sales Summary (dollar in millions)		Q1 2019	Q2 2019
Programmatic sales		107.49	144.64
Total sales		169.42	251.51

Global XRP volume	Q1 2019	Q2 2019	
ADV XRP (dollar in millions)	595.28*	1753.57*	429.51**
Total XRP volume(dollar in billions)	53.85*	159.57*	39.09**
Total sales as % of total volume	0.32%*	0.16%*	0.64%**

\*data from coinmarketcap.com; \*\*data from CryptoCompare Top Tier

## Q2 AND FUTURE XRP SALES

### Q2 Sales

In Q2 2019, Ripple sold \$106.87 million XRP in institutional direct sales and \$144.64 million in programmatic sales. In total, the company sold \$251.51 million XRP in Q2. Given the reports of inflated volumes, which Ripple took seriously, the company temporarily paused programmatic sales and placed limits on institutional sales to evaluate the problem in early Q2. Ripple later resumed XRP sales at a rate that was 50% lower versus previous guidance, at 10 basis points of CoinMarketCap reported volumes.

### Future Sales

Ripple plans to take a more conservative approach to XRP sales in Q3. As noted, the company switched benchmarks to CCTT and will target programmatic sales at 10 basis points of CCTT reported volumes.

## INSTITUTIONAL VS. PROGRAMMATIC SALES

### Institutional (OTC) Sales

Ripple's long-term view is that efficient, liquid XRP markets should resemble the traditional FX markets, given XRP's use case of global value transfer. As a large portion of FX trading occurs on the OTC markets, in 2017, Ripple began providing, through XRP II, a licensed subsidiary, OTC purchases of XRP to meet institutional demand, at a time when XRP/USD liquidity was limited. Since then, XRP listings increased as Ripple has partnered with the top digital asset brokers and used inventory to serve as a backstop for XRP liquidity. This allowed these OTC liquidity providers the ability to source XRP, even when institutional quantities of XRP were difficult to access across exchanges.

Ripple decided to pull back from providing XRP over-the-counter at scale toward the end of Q2, in light of the OTC desks' ability to source institutional demand for XRP in the open markets. Going forward, Ripple plans to focus institutional sales on markets where the on-exchange liquidity for XRP is insufficient to meet institutional

(/demand. (/insights)

## Programmatic Sales

Ripple's programmatic XRP sales have been done with the goal of minimizing market impact. The company did this through limiting XRP programmatic sales to what it considers a small percentage of traded volume, which was executed across multiple exchanges. Ripple relies on programmatic sales partners who mainly execute trades passively; their trading volumes do not vary based on changes in the price of XRP, but they do increase as overall XRP trading volumes increase.

As discussed earlier, because of misreported trading volumes, Ripple has changed its sales strategy and benchmark for Q3, and will continue to closely monitor the situation.

## Q2 ESCROW ACTIVITY

In Q2 2019, three billion XRP were again released out of escrow (one billion each month). 2.10 billion XRP were returned and subsequently put into new escrow contracts. The remaining 900 million XRP not returned to escrow are being used in a variety of ways to develop use cases for XRP, including Xpring initiatives and RippleNet partnerships (such as MoneyGram). All figures are reported based on transactions executed during the quarter.

## XRP COMMENTARY

The overall market capitalization of digital assets increased by 122.86% from Q1. XRP price gained 28.20% over Q2, ending the quarter at \$0.40 on coinmarketcap.com

## Volume

According to CCTT, the daily volume for XRP increased in Q2. The average daily volume was \$429.51 million in Q2 and \$156.01 million in Q1.

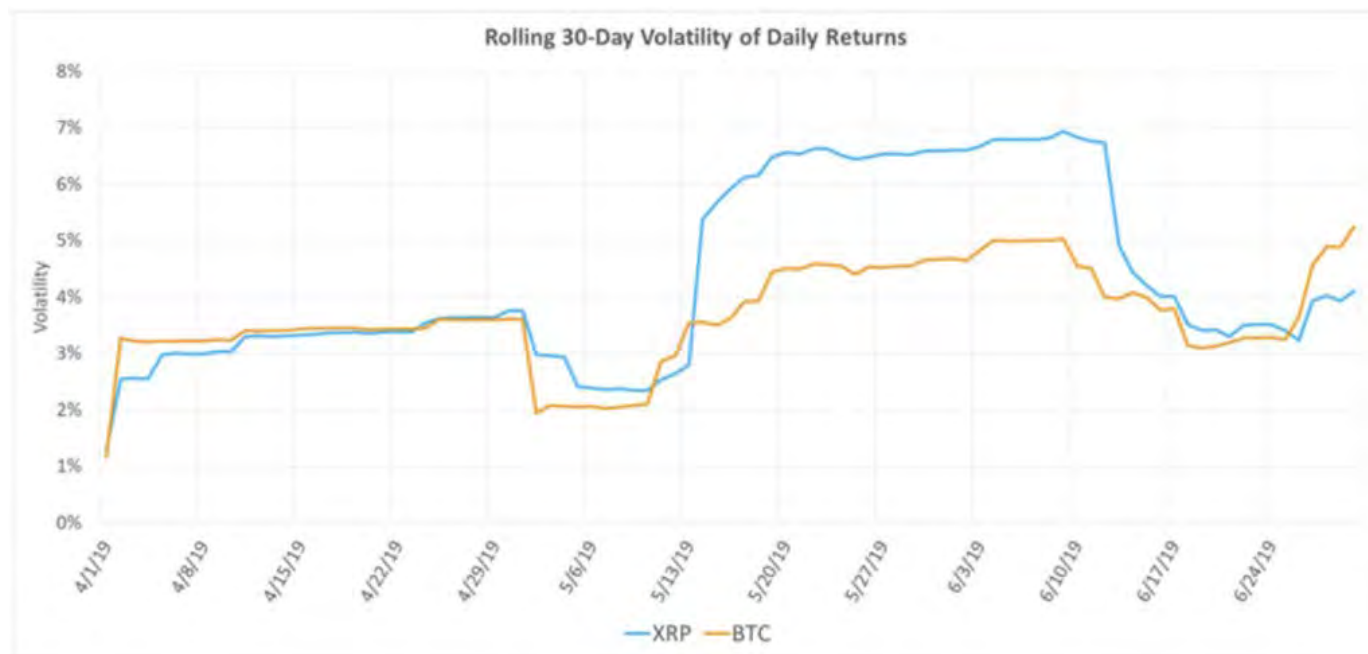


For reference, according to coinmarketcap.com, the average XRP daily volume was \$1.74 billion.



## (/insights) Volatility and Correlation

XRP's volatility of daily returns over the quarter was 5.01%. Though there was a slight increase in volatility from Q1, XRP was in line with other top digital assets. In addition, XRP's correlation with bitcoin dropped from Q1, while its correlation with ether remained high.



## Exchanges

In Q2, 12 new exchanges listed XRP bringing the total number to over 130 exchanges worldwide.

## RIPPLENET

Q2 saw the highest number of customer transactions on RippleNet. In fact, the number of xRapid transactions increased 170% from Q1 to Q2 and Ripple had a 30% increase in the number of live xRapid partners in Q2. Ripple anticipates this momentum in transaction volume to continue as more partners and customers go live.

Notably in Q2, Ripple announced (<https://ripple.com/insights/ripple-announces-strategic-partnership-with-money-transfer-giant-moneygram/>) it agreed to enter into a strategic partnership with MoneyGram (NASDAQ: MGI), one of the world's largest money transfer companies. The company operates in the \$600 billion global remittance market, serving millions of customers in more than 200 countries and territories, supporting multiple currencies. Through this partnership, which will have an initial term of two years, Ripple would become MoneyGram's key partner for cross-border payments and foreign exchange settlement using digital assets. In conjunction with the partnership, Ripple has agreed to provide a capital commitment to MoneyGram, which enables the company to draw up to \$50 million in exchange for equity over a two-year period.

The partnership with Ripple focuses on the xRapid product. xRapid is a solution for on-demand liquidity, which leverages XRP, the native digital asset of the XRP Ledger, as a real-time bridge between the sending and receiving currencies.





(/XPRING/insights)

Xpring is Ripple's initiative to support the open source community of developers, building on the decentralized XRP Ledger and use cases for XRP on that ledger. This support is done in two ways: 1) helping innovative blockchain projects grow through partnership and investment; 2) building crypto infrastructure through contributions to open source crypto protocols such as the XRP Ledger and Interledger projects. In addition, Xpring is building a developer platform to support open source developers to leverage these protocols. Xpring makes investments using a mix of traditional currency and XRP. XRP investments are generally subject to sales restrictions and intended for direct use in the tools and services being developed.

Companies and developers continued to build on the XRP Ledger, and utilize ILP and XRP. Significant developments from companies and projects, which Xpring invested in and supports, include:

- Bolt Labs (<https://boltlabs.tech/>) is a privacy-focused payment channel network supporting multiple digital currencies. Bolt scales off-chain transactions while preserving privacy.
- Agoric (<https://agoric.com/>) enables developers to build secure smart contracts and new digital assets that can connect to public and private blockchains.
- Robot Ventures (<https://robvc.com/>) is a (pre-)seed investor in early stage companies in the decentralized finance and blockchain space.

## MARKET COMMENTARY

### Notable Regulatory Activity

- The SEC announced (<https://www.nextgov.com/emerging-tech/2019/07/sec-wants-subscription-blockchain-data/158225/>) that it would establish nodes on certain open source, permissionless ledgers, such as the XRP Ledger, to help inform its policy making.
- The UK's Financial Conduct Authority analogized (<https://www.fca.org.uk/publications/consultation-papers/cp19-22-restricting-sale-retail-clients-investment-products-reference-cryptoassets>) XRP to ETH, which it recognized was a hybrid utility/exchange token, not a security token.

### Technology companies enter the space

New entrants into the ecosystem brought global awareness around crypto and blockchain. Most notably, Facebook's announcement (<https://www.wsj.com/articles/facebook-unveils-crypto-wallet-based-on-currency-libra-11560850141>) of the Libra whitepaper in June brought mainstream attention from all audiences. Akin to JP Morgan's announcement of its JPM Coin trial, the news brought market validation to the space, highlighting the benefits that blockchain and crypto bring to payments. However, Facebook faced significant regulatory headwinds as regulators questioned the company's ability to protect consumer data and comply with anti-money laundering and know-your-customer laws. Facebook was not the only tech company that announced it was breaking into crypto and blockchain this quarter:

- Amazon was granted (<https://www.coindesk.com/amazon-wins-patent-for-proof-of-work-cryptographic-system>) a patent to build a proof-of-work cryptographic system to fight DDOS attacks. Also, Amazon Web Services launched (<https://www.coindesk.com/amazon-web-services-opens-blockchain-building-service-up-for-wider-use>) its Managed Blockchain service, which supports open-source framework Hyperledger Fabric, for its enterprise clients.
- Yahoo! Japan went live (<https://www.fxstreet.com/cryptocurrencies/news/yahoos-cryptocurrency-exchange-to-go-live-on-may-30-201905280742>) with Taotao, its cryptocurrency exchange, where bitcoin



- (/) and (the rights) be initially traded, and margin trading of XRP and litecoin will be available.
- Google announced (<https://cloud.google.com/blog/products/data-analytics/building-hybrid-blockchain-cloud-applications-with-ethereum-and-google-cloud>) that Ethereum app builders using Google software will be able to integrate data from sources outside the blockchain through a partnership with Chainlink.
  - Samsung announced the development (<https://www.coindesk.com/samsung-developing-ethereum-based-blockchain-may-issue-own-token>) of its own Ethereum-based blockchain and may issue its own token.

## Increased Institutional Interest

Digital assets experienced increasing levels of institutional interest over the past three months. Last quarter, futures trading and other crypto derivatives were widely discussed (<https://www.wsj.com/articles/bitcoin-rally-fuels-market-in-crypto-derivatives-11562146202>) as the market capitalization of digital assets increased, CME (<https://cointelegraph.com/news/cme-bitcoin-futures-record-17-billion-high-in-notional-value>) reached a record high for BTC futures and Bakkt (<https://cointelegraph.com/news/bakkt-names-launch-date-for-bitcoin-futures-testing>) announced plans to begin testing its future contracts.

## Banks continue to bet on crypto and blockchain

Established banks continued to show interest in blockchain and crypto as they build their own private blockchain solutions and tokens. Last quarter, a group of 14 financial firms led by UBS including Barclays, Santander, and Canadian Imperial Bank of Commerce created Fnality International (<https://www.wsj.com/articles/ubs-led-group-to-launch-blockchain-based-trade-settlement-platform-11559554201>) to aid in the development and launch of a utility settlement coin (USC) to improve cross-border payments. JPMorgan announced that it will start customer (<https://www.coindesk.com/jpmorgan-to-start-customer-trials-of-its-jpm-coin-crypto>) trials of its JPM Coin with corporate clients, and Goldman Sachs CEO (<https://www.coindesk.com/goldman-sachs-ceo-hints-bank-might-launch-jpm-coin-like-crypto>) said the bank is doing extensive research on asset tokenization and stablecoins.

Crypto exchanges reported record trading volumes (<https://cointelegraph.com/news/welcome-to-the-2019-bull-market-bitmex-trades-record-16-billion-in-one-day>) and profit (<https://www.theblockcrypto.com/tiny/binance-brought-in-78-million-in-profits-in-q1-up-66-quarter-on-quarter/>). Traditional brokerage (<https://www.bloomberg.com/news/articles/2019-06-17/tp-icap-enters-the-crypto-business-to-trade-bitcoin-derivatives>) firms plan to offer cryptocurrency trading to their institutional clients.

## ADDITIONAL REGULATORY HIGHLIGHTS IN Q2

### Americas and Europe

- The G20 officially announced (<https://www.coindesk.com/g20-reaffirms-it-will-apply-expected-tough-new-fatf-rules-on-crypto>) its support of the FATF's crypto guidelines and ongoing work by the Financial Stability Board (FSB) to explore the implications of decentralized fintech and how regulators can better engage stakeholders.
- SEC Commissioner Hester Peirce said (<https://www.sec.gov/news/speech/peirce-how-we-howey-050919>) current guidance falls short of clarity that the industry needs to move forward to develop additional guidelines regarding crypto.
- France pushed (<https://uk.reuters.com/article/us-france-cryptocurrencies/france-to-ask-eu-partners-to-adopt-its-cryptocurrency-regulation-idUKKCN1RR1Y0?rpc=401&>) for the EU to adopt a cryptocurrency framework to achieve uniform laws.
- Bitstamp was granted ([https://www.dfs.ny.gov/reports\\_and\\_publications/press\\_releases/pr1904092](https://www.dfs.ny.gov/reports_and_publications/press_releases/pr1904092)) a virtual currency license by the New York Department of Financial Services.



- (/) • The SEC (<https://www.wsj.com/articles/sec-sues-kik-over-100-million-token-sale-11559668489>) sued Kik for allegedly running an unregistered securities sale back in 2017 when it launched an ICO for its kin token.
- The UK's Financial Conduct Authority is consulting on a potential ban (<https://www.fca.org.uk/publications/policy-statements/ps19-18-restricting-contract-difference-products>) on the sale of crypto derivatives to retail investors.

## APAC

- Reserve Bank of India considered (<https://www.finextra.com/newsarticle/33993/india-to-review-payments-data-storage-rule/blockchain>) a law that mandates payments data should not be allowed to leave its borders, and announced (<https://www.theblockcrypto.com/tiny/the-reserve-bank-of-india-announces-fintech-regulatory-sandbox-excludes-cryptocurrency-projects/>) a framework for its fintech sandbox that invites blockchain projects to take part, but excludes cryptocurrency-related businesses.
- Nepal banned ([https://www.theepochtimes.com/nepal-bans-chinas-wechat-pay-alipay\\_2932409.html](https://www.theepochtimes.com/nepal-bans-chinas-wechat-pay-alipay_2932409.html)) AliPay and WeChat Pay, citing they are not registered as official payment systems.
- Japan's lower and upper houses passed new (<https://cointelegraph.com/news/japanese-parliament-moves-new-crypto-regulations-to-the-upper-house>) crypto regulation in National Diet (Japan's bicameral legislature) to strengthen local regulations and cryptocurrency trading practices.

## South America

- Brazil established (<https://finance.yahoo.com/news/brazil-establishes-committee-cryptocurrency-regulation-213100294.html>) a new commission to consider crypto regulation in the country. The commission will be composed of 34 members in accordance with the House Rules of Procedure. Also, the country's major financial authorities announced a regulatory (<https://www.coindesk.com/brazil-financial-authorities-announce-regulatory-sandbox-for-blockchain>) sandbox for blockchain, fintech and crypto.
- The Chilean government introduced ([https://cointelegraph.com/news/chilean-government-introduces-new-cryptocurrency-and-fintech-regulation-bill-to-congress/amp?\\_\\_twitter\\_impression=true](https://cointelegraph.com/news/chilean-government-introduces-new-cryptocurrency-and-fintech-regulation-bill-to-congress/amp?__twitter_impression=true)) a bill on cryptocurrencies for congress.

## Middle East and Africa

- Egypt lifted its ban, and will allow (<https://www.coindesk.com/egypt-lifts-ban-will-allow-licensed-cryptocurrency-companies>) licensed cryptocurrency companies.
- Pakistan Central Bank announced its intention to launch (<https://www.coindesk.com/pakistan-central-bank-eyes-digital-currency-launch-by-2025>) a digital currency by 2025, in an effort to go fully digital by 2030.

## CONCLUSION

Q2 was marked by increased regulatory activity, landmark partnerships and high profile announcements from new entrants and key industry players. These activities underscore the continued maturation of the blockchain and crypto markets. In addition, Ripple has taken proactive steps to address the issues of inflated volumes by reducing future XRP sales and changing its volume benchmark.

If interested, please find the Q1 2019 XRP Markets Report here (<https://ripple.com/insights/q1-2019-xrp-markets-report/>).



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**PX 501.12**



# Q3 2019 XRP Markets Report

Ripple publishes the quarterly XRP Markets Report to voluntarily provide unparalleled transparency and regular updates on the state of the XRP market, including quarterly programmatic and institutional sales updates, relevant XRP-related announcements such as Xpring and RippleNet partnerships, and commentary on previous quarter market developments. As an owner of XRP, Ripple believes proactive communication is part of being a responsible stakeholder. Moreover, Ripple urges others in the industry to follow its lead to build trust, foster open communication, and raise the bar industry-wide.

## XRP Ledger—History

The XRP ledger is a decentralized cryptographic ledger powered by a network of peer-to-peer servers. The XRP ledger is the home of XRP, a digital asset designed to bridge the many different currencies in use worldwide. When the XRP ledger began in 2012, 100 billion units of XRP were created and no more XRP will ever be created. The available XRP supply decreases over time as small amounts are destroyed to pay transaction costs. Ripple was gifted a portion of this XRP and periodically sells a small amount of that into the market.

## Decrease in XRP Sales

As readers may recall from the [previous quarterly report](#), Ripple publicly announced our intention to shift to a more conservative volume benchmark for our XRP sales, away from CoinMarketCap and to CryptoCompare Top Tier. In the third quarter, we significantly reduced our XRP sales, consistent with the messaging we shared in the Q2 report. **For Q3 19, our total XRP sales were \$66.24 million vs. \$251.51 million in the previous quarter.** Per the Q2 report, our stated goal for programmatic sales for Q3 was approximately 10 basis points of the new volume benchmark (CCTT), and we ended sales for the quarter below that, at **8.8 bps**. In fact, part way through Q3, we decided to pause programmatic sales altogether, and focus our over-the-counter (OTC) sales on a few strategic partners, who are building XRP utility and liquidity in regions that are strategically important to our growing global business, including EMEA and Asia. Total sales including OTC and programmatic ended the quarter at 36 bps of CCTT.

As a result of this discipline, Ripple's XRP distribution rate since the beginning of the quarter has been **lower** compared to the inflation rates of ETH and LTC, and similar to BTC – *see chart below*.

*Source: Coinmarketcap and internal data*

*NOTE: No new XRP can ever be created post the Genesis block, so XRP actually has a slight negative inflation rate due to the destruction of XRP related to transaction fees. Therefore, the line above reflects Ripple's distribution of XRP, but not the asset's inflation rate.*

## Q3 Highlights

- Ripple sold \$66.24 million XRP in Q3 2019, a 73.7% decrease in sales in XRP QoQ, as measured in USD.
- Overall market capitalization of digital assets decreased in Q3, with the overall market cap losing 30.4%. XRP price declined 35.4% QoQ.

- Three billion XRP were released out of cryptographic escrow, 2.30 billion XRP were returned to escrow.
- XRP is now listed on over 140 exchanges worldwide.

<b>Sales Summary (<i>dollars in millions</i>)</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
Institutional direct sales	106.87	50.12
Programmatic sales	144.64	16.12
Total sales	251.51	66.24

<b>Global XRP volume</b>	<b>Q2 2019</b>	<b>Q3 2019</b>
ADV XRP ( <i>dollars in millions</i> )	429.51	198.10
Total XRP volume ( <i>dollars in billions</i> )	39.09	18.23
Total sales as % of total volume	0.6%	0.4%

Looking ahead to Q4, we will continue to monitor volume developments closely and intend to maintain a similar approach to Ripple's XRP sales as compared with Q3.

## Volume

CCTT's reported daily volume for XRP decreased in Q3 from the previous quarter. The average daily volume was \$198.10 million in Q3 versus \$429.51 million in Q2, though higher than \$156.01 million in Q1.

## Volatility

Based on CCTT's reported volume, XRP's volatility of daily returns over the quarter was 3.6%, which is lower than the previous quarter's 5.0%. XRP's volatility was lower than that of other top digital assets, as BTC's volatility of daily returns through Q3 was 3.9% and ETH's was 4.3%.

## Q3 Escrow Activity

In Q3 2019, three billion XRP were again released out of escrow (one billion each month). 2.30 billion XRP were returned and subsequently put into new escrow contracts. The majority of the unused portion of the 700 million XRP not returned to escrow was being held in operating wallets at the end of the quarter. All figures are reported based on transactions executed during the quarter.

## Spread of Misinformation

Last quarter, there was an uptick in FUD ([fear, uncertainty and doubt](#)) and the spread of misinformation about XRP, especially around topics such as purported XRP dumping and price manipulation by Ripple. FUD is a tool typically used to undermine new technologies. Due to the nature of digital asset markets, FUD runs rampant, often perpetrated by those with political or financial interests in certain cryptocurrencies. Healthy dialogue, transparency, and pragmatism are vital to dispel misinformation, properly educate the market, and foster innovation in our industry.

Though Twitter is not the only place where FUD persists, bots on Twitter (accounts with high indication of automated publishing activity, based on [Indiana University research](#)) contributed to the propagation of FUD across the digital asset industry. They comprised 49% of the share of conversation about BTC, 71% about ETH and 50% about XRP<sup>1</sup>

In Q3, bots have been more active in conversations around XRP, with the number of unique bots rising and engaging in messages related to:

### FUD #1: Dumping allegations

- Conversation from bots specifically about Ripple “dumping XRP” and “flooding the market,” increased 179% quarter over quarter.
- “Dumping” allegations were the most common FUD topic of conversation in recent months compared to others.

#### Truth:

- Conversations attempted to support the allegations by pointing to large movements of XRP, which were in fact transfers between Ripple treasury and escrow management accounts. In other words, those transfers did not entail Ripple distributing XRP.
- Critics further focused conversation on the fact that large XRP holders exist—referred to as “whales.” Large holders exist in many digital asset communities such as [bitcoin](#) and [ether](#). We do not see evidence that large holders of XRP are behaving materially differently than BTC or ETH “whales.”

### FUD #2: Price Manipulation

- Nearly half (49%) of all conversations alleging Ripple “made XRP price fall” came from bot accounts.

#### Truth:

- Bottom line—Ripple cannot control XRP price. XRP is traded on a fully functioning and independent digital asset market, including over 140 exchanges, in which Ripple plays a very limited role.
- XRP exists independently of Ripple. The XRP Ledger is a free, open-source, decentralized technology. Others can and do develop on it and use it. If Ripple went away tomorrow, the Ledger would continue to exist and XRP would continue to trade.
- As a stakeholder of XRP, Ripple is an interested party in its success. We are aligned with other XRP stakeholders and focused on supporting a healthy XRP community.

While misinformation persists across all markets and news topics, as this industry matures, we believe conversations about the use cases, commercial traction, and human impact of digital assets will dominate. We support the many industry players focused on real utility regardless of token association. It's on all of us to rise above the FUD and the tone-deaf who treat digital assets like a religion instead of technologies that can solve real world problems.

## RippleNet On-Demand Liquidity (ODL) / XRPaid

Ripple continues to experience high customer demand for On-Demand Liquidity (formerly known as xRapid), which leverages XRP to source liquidity for cross-border transactions, enabling instant settlement and more efficient use of working capital.

XRP is ideally suited for global payments because it is faster, less costly and far more scalable than other digital assets.

Here is a quick snapshot of XRP vs. bitcoin (as of 10/14):

- Speed: 3.80 seconds ([XRP](#)) vs. 9.2 minutes ([BTC](#))
- TPS: 1500+ ([XRP](#)) vs. 7 ([BTC](#))
- Fee: \$0.0003 ([XRP](#)) vs. \$0.758 ([BTC](#))

While bitcoin's utility is often highlighted as a store of value, we believe XRP is by far the best digital asset for global payments.

Ripple customers live with ODL, including MoneyGram and others, increased by 75% last quarter and dollar volume on ODL increased more than five times from Q2 to Q3. In addition, Ripple [announced](#) its acquisition of team Algrim to support the ongoing development of ODL. To keep up with strong customer demand, Ripple is rapidly expanding its team on a global scale—Iceland will serve as one of Ripple's engineering hubs with plans to bring on more technical talent in Europe.

## Xpring

Last quarter, Ripple [announced](#) Xpring's new developer platform to make it easier for developers and entrepreneurs to build on the XRP Ledger and use XRP. The platform leverages open-source technologies, protocols and networks making it easy for the 23 million developers worldwide to enable payments in their products and services.

Of note, Ripple acquired [Logos](#) to add to the Xpring team. This team will focus on decentralized financial (DeFi) projects and explore a system that will leverage XRP at its core, as well as other ideas to update digital assets to transform payments and finance. Xpring continues to see innovation in new use cases such as trading, micropayments for content, and gaming. Other notable traction and news from Q3 include:

- Xpring invested in [Coinme](#), a global leader in cryptocurrency ATMs and blockchain financial services, to advance the adoption of cryptocurrencies, such as XRP.
- Coil, a streaming micropayments tool that uses the Interledger Protocol (ILP) and any currency, including XRP, [partnered](#) with Mozilla and Creative Commons to launch Grant for the Web.
- Bitpay [partnered](#) with Xpring to natively support XRP, which will enable thousands of businesses to accept XRP for payments.

# Market Commentary

## Notable Regulatory Activity

- UK's Financial Conduct Authority (FCA) [issued](#) guidance to clarify definitions and domains for different crypto assets. They recognize ETH has the features of a hybrid exchange and utility token (not a security token). The FCA has previously called out the similarities between ETH and XRP, and noted in a press release that XRP would not be regulated as a security.

## Industry Player Moves

- Blockstack's token sale [became](#) the first SEC-qualified offering in U.S. history.
- Visa, Mastercard, Mercado Pago, Booking Holdings, PayPal, eBay, and Stripe reconsidered their involvement in the [Libra](#) consortium.
- SWIFT launched a [new](#) API standard for pre-authorization of funds which will allow a payer's bank to guarantee funds in advance of a payment.
- The Federal Reserve Bank [announced](#) "FedNow," a new service that will allow all banks in the United States to offer 24/7 real-time payment services.
- Mastercard [acquired](#) the account-to-account capabilities of Nets to further develop its real-time payments capabilities.

## Conclusion

Q3 was marked by continued discipline around Ripple's XRP sales and significant traction for XRP in both RippleNet's ODL offering as well as the expanding developer community. These activities underscore the continued maturation of digital asset markets. Ripple will continue to take proactive steps to address misinformation and FUD while being a responsible and transparent stakeholder of XRP.

If interested, please find the Q2 2019 XRP Markets Report [here](#).

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*1 Statistics are sourced via publicly available Twitter posts from July 1 to September 30, 2019, in partnership with [Methods+Mastery](#).*

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## Q4 2019 XRP Markets Report

9 MIN READ • TEAM RIPPLE

JAN 22, 2020

Ripple publishes the quarterly XRP Markets Report to voluntarily provide transparency and regular updates on the company's views on the state of the XRP market, including quarterly programmatic and institutional sales updates, relevant XRP-related announcements such as Xpring and RippleNet partnerships and commentary on previous quarter market developments. As an XRP holder, Ripple believes proactive communication is part of being a responsible stakeholder. Moreover, Ripple urges others in the industry to follow its lead to build trust, foster open communication and raise the bar industry-wide.

### XRP Timeline

The decentralized XRP Ledger is the home of XRP, a digital asset built for payments. In June 2012, 100 billion units of XRP were created, with the stipulation that no more XRP will ever be created. Later that year in September 2012, Ripple was founded and was gifted a portion of this XRP. Ripple did not create XRP. The available XRP supply decreases over time as fractional amounts are burned—destroyed—to pay transaction costs.

Since the creation of the XRP Ledger, the number of closed ledgers has exceeded 51 million (as of December 31, 2019), with over 150 known validators participating on the network. The diversity of these validator nodes further guarantees fairness and neutrality on the XRP Ledger. No single entity can decide which transactions succeed or fail, and no single entity can alter a transaction after it is added to the Ledger. As a result, no transaction submitted to the XRP Ledger has ever been discriminated against or censored—unlike some proof-of-work systems, where small groups of miners control over 51% of the hashing power, and could potentially reverse transactions.

### Disciplined, Responsible Stakeholders: Continued Pause in XRP Sales

As readers may recall, in Q2 2019 (<https://ripple.com/insights/q2-2019-xrp-markets-report/>), Ripple shifted to a more conservative volume benchmark for XRP sales, away from CoinMarketCap and to CryptoCompare Top Tier (CCTT) and significantly reduced XRP sales. In Q3 2019 (<https://ripple.com/insights/q3-2019-markets-report/>), Ripple further reduced XRP sales and paused programmatic sales. Ripple maintained this approach throughout the entirety of Q4. However, obtaining publicly available sources of trusted trading volume remains to be an ongoing challenge. There is still much progress to be made, and Ripple will continue to evaluate its benchmarks and work proactively with industry participants toward addressing the persistence of fake volumes in industry volume data.

Last quarter, total XRP sales were \$13.08 million (USD) vs. \$66.24 million the previous quarter. In addition, Ripple continued the pause of programmatic sales, focusing solely on our over-the-counter (OTC) sales with a few strategic partners, who are building XRP utility and liquidity in strategic regions including EMEA and Asia. Total





(/sales (OTC + programmatic pause) ended the quarter at 8bps of CCTT—this is compared to total sales in the previous quarter (OTC + programmatic) of 36bps of CCTT, representing a 78% drop QoQ.

Sales Summary ( <i>dollars in millions</i> )	Q3 2019	Q4 2019
Institutional direct sales ( <i>OTC</i> )	50.12	13.08
Programmatic sales	16.12	0
Total sales	66.24	13.08

Global XRP volume	Q3 2019	Q4 2019
ADV XRP ( <i>dollars in millions</i> )	198.10	187.34
Total XRP volume ( <i>dollars in billions</i> )	18.23	17.24
Total sales as % of total volume	0.4%	0.08%*

\* Percentage is calculated by dividing actual Ripple dollar proceeds by total reported XRP volume in dollars.

Note: In Q4, CCTT changed the methodology it uses to determine which exchanges it lists in the TopTier, which is reflected in the numbers above. Ripple continues to evaluate its benchmarks given challenges, such as fake volume, that continue to persist in the industry.

## Reported Volume

CCTT's reported daily volume for XRP decreased in Q4 from Q3 2019. The average daily volume was reported at \$187.34 million in Q4 versus \$198.10 million in Q3, and below Q2's reported \$429.51 average daily volume.





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## Volatility

Based on CCTT's closing price of XRP, XRP's volatility of daily returns over Q4 was 3.1%, a drop in volatility from Q3's 3.6%. XRP's volatility over the quarter was similar to that of BTC (3.0%), and that of ETH (3.1%).



## Escrow

### Q4 Activity



(/insights/) In Q4 2019, 9.1 billion XRP were again released out of escrow (one billion each month). Of note, in December of this quarter, Ripple returned a full one billion back to escrow, for the first time ever. In total across the quarter, 2.7 billion XRP were returned and subsequently put into new escrow contracts. *Note: All figures are reported based on transactions executed during the quarter.*

## History of Escrow

Last quarter, Ripple saw an increase in public commentary around the release of XRP from escrow at the end of each month. To provide context and clear up misinformation, as of December 31, 2019, Ripple has 49.9B XRP locked in a series of escrows (excluding this amount, Ripple holds approximately 13% of the outstanding XRP) and these escrows are on the XRP Ledger. The Ledger mechanics, enforced by consensus, control the release of the XRP.

Every month, the escrow releases a total of one billion XRP to Ripple. The portion of XRP leftover each month is placed into a new escrow to be released in the following months. For more information on Ripple's escrow, please see here (<https://ripple.com/insights/explanation-ripples-xrp-escrow/>).

## On-Demand Liquidity (ODL)

In November 2019, Ripple announced (<https://ripple.com/insights/rippletnet-growth-announcing-more-than-300-customers/>) that over two dozen companies have become customers of ODL (<https://ripple.com/rippletnet/on-demand-liquidity>), including MoneyGram, goLance, Viamerica, FlashFX and Interbank Peru. In addition to the USD-MXN and USD-PHP ODL corridors, the company went into production with ODL payments originating from Australia into USD and PHP, and a new production ODL corridor from EUR-USD. Plans for additional corridors across APAC, EMEA and LATAM are in progress for 2020.

In 2019, dollar value transacted through ODL increased more than a hundred times between Q1 and Q4, and specifically from Q3 to Q4, by 550%. The number of ODL transactions also increased by 290% from Q3 to Q4, showcasing high customer demand for leveraging digital assets, specifically XRP, in cross-border transactions.

In addition, Ripple made an investment in Bitso (<https://ripple.com/insights/our-investment-in-bitso/>), the largest exchange in Mexico, to support RippleNet's (<https://ripple.com/rippletnet>) US-MXN corridor by providing critical liquidity for payments. Last year, Ripple launched ODL capabilities with MoneyGram into Mexico, with Bitso as the key exchange partner. MoneyGram has publicly (<https://ripple.com/insights/swell-2019-moneygram-ceo-says-10-of-transactions-between-mexico-and-us-use-on-demand-liquidity/>) reported that they have moved more than 10% of its transaction volume between the United States and Mexico through ODL.

## Xpring

Xpring, the open platform for money, continued to make it easier for developers to build on the XRP Ledger and leverage Interledger Protocol (<https://interledger.org/>) (ILP) to realize the Internet of Value through tools, services and programs. Last quarter, Ripple acquired Strata Labs (<https://blog.xpring.io/welcoming-strata-labs/>) to join Xpring and focus on building ILP infrastructure, making the ILP network more accessible to developers.

Other notable traction and news from Q4 include:

- The launch of [xpring.io](https://xpring.io/) (<https://xpring.io/>), a new website that will serve as a central hub for developers to manage everything they need to integrate payments into their applications.



- (/) • Xpring's investment in BRD (<https://blog.xpring.io/investing-in-brd/>), one of the oldest crypto wallets in the industry. BRD will build on Xpring to support and integrate XRP into the BRD wallet.
- Xpring's investment in Towo Labs (<https://blog.xpring.io/investing-in-towo-labs/>), which develops open-source software for full support of XRP on hardware wallets.

## New Liquidity Partnerships

### Derivatives Market

Derivatives trading in digital assets recorded remarkable growth in 2019. XRP derivatives may further develop in 2020, amid a continuous general crypto derivative boom that is set to outpace spot volume by multiples.

To date, XRP derivatives have become available on several exchanges such as Binance, Huobi, OkeX, AAX and FTX. Moreover, XRP derivatives are a potentially important tool in order to manage exposures and transactions through Ripple's cross-border payment solutions, where XRP is leveraged.

The introduction of derivatives, widely accessible in more mature markets for traditional assets, is an important step in the maturation of digital assets, as they help to improve the efficiency, liquidity and robustness of markets (<http://media.terry.uga.edu/documents/finance/impact.pdf>).

### Borrowing and Lending

The digital asset borrowing/lending market saw substantial momentum throughout the past year as this market is now considered a \$5 billion industry (<https://www.bloomberg.com/news/articles/2019-10-29/another-credit-bubble-grows-the-5-billion-crypto-loan-market>). XRP has become available on many of the largest platforms in crypto lending including Genesis, Celsius, Nexo and SALT.

The momentum has been fueled by several factors: low interest rates in many fiat currencies, a growing number of digital asset market participants seeking working capital, and an increasing number of long-term digital asset holders looking to generate yield. While concerns over a "crypto credit bubble" have started to emerge, the growth potential for this market remains substantial into this year and beyond.

## Market Commentary

### Market Moves

- Mining groups in China control 66% of the bitcoin hashrate, according to a report by Coinshares (<https://coinsharesgroup.com/research/bitcoin-mining-network-december-2019>). This is the highest recorded percentage controlled by China since Coinshares started tracking hashrate in the past two years.
- Chinese President Xi Jinping called (<https://www.wsj.com/articles/bitcoin-and-chinese-tech-stocks-surge-after-xi-jinping-touts-blockchain-11572259762>) for more support and investment in blockchain technology. Weeks later, China's central bank ordered (<https://www.bloomberg.com/news/articles/2019-11-27/all-you-need-to-know-about-china-s-latest-crypto-crackdown>) crypto firms to halt operations and warned investors against digital currencies.
- Bitcoin slumped (<https://www.reuters.com/article/us-crypto-currencies/bitcoin-plummets-to-a-six-month-low-on-china-crackdown-idUSKBN1XW1CO>) to a six-month low in November after China's restrictions and latest crackdown of crypto firms.



- (/) • Bitmain (insight) Canaan filed (<https://thedailychain.com/amidst-internal-turmoil-bitmain-files-for-an-ipo-alongside-rival-canaan/>) for their respective IPOs.
- Kraken continued its acquisition spree by acquiring (<https://www.theblockcrypto.com/post/52949/kraken-acquires-australian-cryptocurrency-exchange>) Australian based exchange Bit Trade.

## Regulatory Activity

- CFTC Chairman Heath Tarbert said in an interview (<https://www.coindesk.com/regulated-derivatives-will-legitimize-crypto-says-cftc-chair>) that increased use of derivatives involving digital assets could help the industry mature. This is on the heels of CME launching (<https://www.theblockcrypto.com/post/52891/cme-tops-bakkt-reported-bitcoin-options-volumes-in-one-day>) its BTC options contract, which saw greater volume traded on day one than that of rival ICE's Bakkt contract.
- SEC issued an Investor Alert ([https://www.sec.gov/oiea/investor-alerts-and-bulletins/ia\\_initialexchangeofferings](https://www.sec.gov/oiea/investor-alerts-and-bulletins/ia_initialexchangeofferings)) to urge investors to use caution before investing in so-called "initial exchange offerings" or IEOs through trading platforms.
- Former CFTC Chairman J. Christopher Giancarlo announced (<https://www.coindesk.com/former-cftc-officials-ramp-up-push-for-digital-dollar-with-accenture-partnership>) the launch of a non-profit organization to develop a U.S.-backed "digital dollar" project with consulting firm Accenture.

## Industry Player News

- JPMorgan and MAS announced (<https://www.coindesk.com/mas-jpmorgan-build-payments-system-with-inter-blockchain-connectivity>) the next phase of project Ubin for cross-border interbank payments.
- Facebook co-founder and CEO Mark Zuckerberg testified (<https://www.cnn.com/2019/10/23/lawmakers-were-still-concerned-about-libra-after-zuckerberg-testimony.html>) before the House Financial Services Committee about the company's Libra whitepaper.
- Ant Financial partnered ([https://www.finextra.com/pressarticle/80763/finablr-forms-cross-border-remittance-partnership-with-alipay?utm\\_medium=rssfinextra&utm\\_source=finextrafeed](https://www.finextra.com/pressarticle/80763/finablr-forms-cross-border-remittance-partnership-with-alipay?utm_medium=rssfinextra&utm_source=finextrafeed)) with Finabl to enable remittances for AliPay users. Ant Financial also raised (<https://www.ft.com/content/234c3472-10f7-11ea-a7e6-62bf4f9e548a>) \$1B for another investment fund for later stage fintech investments as it expands its global presence.
- TransferWise will allow payments (<https://www.reuters.com/article/us-transferwise-asia/transferwise-links-up-with-indonesian-philippine-e-wallets-ceo-idUSKBN1XF2RD>) to some of the biggest e-wallets in APAC including GoPay (GoJek), OVO, DANA, GCash, PayMaya and bKash. TransferWise also struck a partnership (<https://fortune.com/2019/11/06/transferwise-gocardless-partnership-recurring-payments/>) with GoCardless for recurring cross-border payments.

*The report was updated on January 23, 2020 with certain corrected figures for the ODL metrics.*

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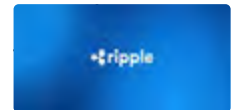


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## Q1 2020 XRP Markets Report

8 MIN READ • TEAM RIPPLE

APR 30, 2020

Ripple publishes the quarterly XRP Markets Report to voluntarily provide transparency and regular updates on the company's views on the state of the XRP market, including quarterly programmatic and institutional sales updates, relevant XRP-related announcements such as Xpring and RippleNet partnerships and commentary on previous quarter market developments. As an XRP holder, Ripple believes proactive communication is part of being a responsible stakeholder. Moreover, Ripple urges others in the industry to follow its lead to build trust, foster open communication and raise the bar industry-wide.

### Market Snapshot: Crypto as a Safe Haven Asset Class

Since the advent of bitcoin, digital assets are often referred to as safe haven assets, or assets that market participants can turn to during turmoil in the financial markets, due to their presumed lack of correlation to traditional markets. Born out of the 2008 financial crisis, digital assets put the safe haven label to the test. That was all about to change on March 12, 2020, or what some describe as "Black Thursday."

In the days preceding Black Thursday, digital assets began the week holding firmly along with gold and trading as a safe haven asset, while equity markets were seeing the beginning of COVID panic. However, as the S&P dipped below 3,000 on Black Thursday, unprecedented volatility spread through digital asset markets. Bitcoin (BTC) saw its largest one day move ever, losing over 50% of its market value in a matter of hours—a decline accelerated by billions of USD worth of liquidations on leveraged derivative venues and lending platforms.

As digital asset holders rushed to transfer digital assets to either meet margin calls, sell out of their positions, or take advantage of price dislocations, the BTC and Ethereum (ETH) networks became overwhelmed and suffered performance issues. According to Coin Metrics (<https://coinmetrics.substack.com/p/coin-metrics-state-of-the-network-36c>), "*median transaction fees measured in dollars for both Bitcoin and Ethereum shot up almost five-fold.*" While the entire crypto market, including XRP, experienced volatility, the performance of the XRL Ledger (XRPL), such as transaction pricing and speed, remained stable making XRP the preferred digital asset for funds transfer.

Fast forward five weeks, and as of April 17, 2020, the S&P 500 is down 11% on the year, WTI Crude is down almost 70% YTD, Gold is up 10%, and total crypto market capitalization is up 7.3%. Given the recession and continued uncertainty about the extent of the long-term economic impact this global crisis will impose, we expect continued market volatility and a sustained test for crypto as to whether it performs as a 'safe haven' asset class.

### Disciplined, Responsible Stakeholders: Continued Pause in XRP Programmatic Sales

As readers may recall, in Q2 2019 (<https://ripple.com/insights/q2-2019-xrp-markets-report/>), Ripple shifted to a more conservative volume benchmark for XRP sales, away from CoinMarketCap and to CryptoCompare Top Tier (CCTT) and significantly reduced XRP sales. In Q3 2019 (<https://ripple.com/insights/q3-2019-markets-report/>) and Q4 2019 (<https://ripple.com/insights/q4-2019-xrp-markets-report/>), Ripple further reduced XRP sales and paused programmatic sales. Ripple maintained this approach throughout the entirety of Q1 2020.



(//) In Q1 2020, its total XRP sales were \$1.75 million (USD) vs. \$13.08 million the previous quarter. In addition, Ripple continued the pause of programmatic sales, focusing solely on its over-the-counter (OTC) sales to build XRP utility and liquidity in strategic regions including EMEA and Asia. Total sales (*OTC-only, given programmatic pause*) ended the quarter at 0.6 bps of CCTT. This is compared to total sales in the previous quarter (OTC + programmatic) of 8bps of CCTT, representing a 99.3% drop QoQ.

Sales Summary ( <i>dollars in millions</i> )	Q4 2019	Q1 2020
Institutional direct sales ( <i>OTC</i> )	13.08	1.75
Programmatic sales	0	0
Total sales	13.08	1.75

Global XRP volume	Q4 2019	Q1 2020
ADV XRP ( <i>dollars in millions</i> )	187.34	322.66
Total XRP volume ( <i>dollars in billions</i> )	17.24	29.68
Total sales as % of total volume	0.08%*	0.006%*

\* Percentage is calculated by dividing actual Ripple dollar proceeds by total reported XRP volume in dollars.

Note: In Q4, effective Q1 2020, CCTT changed the methodology it uses to determine which exchanges it lists in the TopTier, which is reflected in the numbers above. CryptoCompare did not retroactively update its data for the change. Ripple continues to evaluate its benchmarks given challenges, such as fake volume, that continue to persist in the industry.

## Reported Volume

CCTT's reported daily volume for XRP increased in Q1 2020 from Q4 2019. The average daily volume reported at \$322.66 million in Q1 versus \$187.34 million in Q4, and above Q3's reported \$198.10 average daily volume.



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## XRP Price and Volume



## Volatility

XRP's volatility of daily returns over Q1 is 6.2%, representing an increase in volatility from Q4's 3.1%. XRP's volatility over the quarter was higher than that of BTC (5.8%), and lower than that of ETH (7.3%)

## Rolling 30D Volatility of Returns



## (/)Correlations with XRP

After showing signs of decoupling from large cap digital assets, correlations of XRP with other large capitalization digital assets spiked towards 100% following Black Thursday's Market Meltdown.

Rolling 30D Correlations of Returns with XRP



## Escrow

### Q1 Activity

In Q1 2020, three billion XRP were again released out of escrow (one billion each month). In total across the quarter, 2.7 billion XRP were returned and subsequently put into new escrow contracts. *Note: All figures are reported based on transactions executed during the quarter.*

### Monitoring Escrow Activity

Last quarter, Ripple re-shared details on escrow to provide clarity on its mechanics and timeline. To provide further transparency, Ripple created @XRP\_EscrowBot ([https://twitter.com/XRP\\_EscrowBot](https://twitter.com/XRP_EscrowBot)). This Twitter bot monitors and posts the monthly escrow movements. Anyone on Twitter can follow this account to track escrow activity.

As a reminder, every month, the escrow mechanism releases a total of one billion XRP to Ripple. The portion of XRP leftover each month is placed into a new escrow to be released in the following months. For more information on Ripple's escrow, please see here (<https://ripple.com/insights/explanation-ripples-xrp-escrow/>).

## On-Demand Liquidity (ODL)

Customers continue to see the value of XRP through significant cost-savings by eliminating the need to pre-fund international accounts. From Q4 2019 to Q1 2020, RippleNet's On-Demand Liquidity (ODL) service tripled in transaction volume, and the dollar value transacted increased by more than 294%.



(/Of note, <https://insights.ripple.com/insights/azimo-a-uk-based-digital-money-transfer-service-announced-their-partnership-to-use-the-digital-asset-xrp-in-cross-border-payments>) Azimo, a UK-based digital money transfer service, announced their partnership to use the digital asset XRP in cross-border payments. Azimo launched its service to send payments to the Philippines and, within a few months, ODL saved the company 30%-50% when arranging currency transfers between customers in the Philippines and those in the UK and Europe.

## XRP Integrations and Liquidity Update

As mentioned in a recent Insights (<https://ripple.com/insights/liquidity-and-global-markets-101/>) blog, liquidity is the key to exchanging any asset. The more liquid an asset is, the more efficiently it can be exchanged. Therefore, it goes without saying that XRP liquidity is the lifeblood of Ripple's On-Demand Liquidity (<https://ripple.com/rippletoken/on-demand-liquidity>) for cross-border payments.

In addition to being bolstered through new use cases for XRP outside of cross-border payments, liquidity is increased by the variety and diversity of exchange tradable instruments. In the case of XRP, Q1 saw the integration of XRP into a number of additional exchanges and liquidity instruments.

## Xpring

The open-source community of developers continues to build products and support innovation on the XRPL through improvements to the technology. Last quarter, Xpring launched new tools, services and documentation for developers including XRP Ledger Mainnet support in the Xpring SDK and support for Interledger Protocol (ILP) STREAM (<https://blog.xpring.io/interledger-stream/>) on Testnet in the xpring.io wallet.

In addition, Xpring partner Anchorage announced support for custody of XRP, enabling its growing roster of enterprise customers to securely store XRP for various use cases. The popular wallet BRD also announced support for XRP.

## Market Commentary

### Regulatory Activity

- The Monetary Authority of Singapore granted temporary relief (<https://www.theblockcrypto.com/post/60135/ripple-coinbase-get-license-exemption-in-singapore-for-a-limited-period>) to certain market participants from the newly adopted licensing requirements under the Payment Services Act. The relief will allow firms to operate until July 2020, after which time they must obtain a license.
- The Indian Supreme Court overruled ([https://www.bloomberg.com/news/articles/2020-03-04/india-s-top-court-strikes-down-curbs-on-cryptocurrency-trade?utm\\_source=google&utm\\_medium=bd&cmpId=google](https://www.bloomberg.com/news/articles/2020-03-04/india-s-top-court-strikes-down-curbs-on-cryptocurrency-trade?utm_source=google&utm_medium=bd&cmpId=google)) a ban on cryptocurrency activities that was imposed by the Reserve Bank of India in April 2018. A few days later, the RBI announced (<https://www.coindesk.com/indias-central-bank-plans-to-fight-supreme-court-crypto-ruling>) its intent to return to the Supreme Court to challenge this ruling.
- The CFTC released interpretive guidance (<https://www.coindesk.com/the-us-cftc-just-defined-what-actual-delivery-of-crypto-should-look-like>) for when "actual delivery" occurs for retail crypto transactions involving leverage or margin. This guidance is another step taken by the CFTC to provide clarity to market participants regarding activity that falls within their jurisdiction.
- Amid the pandemic crisis, the U.S. Congress discussed (<https://www.wsj.com/articles/fed-digital-dollars-are-part-of-debate-over-coronavirus-stimulus-11585085518>) the creation of a "digital dollar" and related accounts as a way to speed stimulus payments to households that need support.
- SEC Commissioner Hester Peirce proposed (<https://www.coindesk.com/sec-commissioner-hester-peirce-proposes-3-year-safe-harbor-period-for-crypto-token-sales>) a 3-year safe harbor period for crypto token sales.



- (/) The (safe harbors) proposal provides relief for issuers from being considered in offering illegal securities.
- Brazilian Central Bank announced an initiative (<https://www.coindesk.com/brazils-central-bank-to-launch-near-instant-payments-as-a-response-to-cryptocurrencies>) to allow payments between retail customers and businesses to be processed within seconds. This initiative is part of the Central Bank's overall initiative to improve open banking within Brazil.

## Industry Players

- SWIFT's messaging upgrade to ISO standards was delayed (<https://www.finextra.com/newsarticle/35463/swift-delays-iso-20022-cross-border-payments-migration>) by one year, and is now set to finish by 2025.
- Worldline purchased (<https://www.cnbc.com/2020/02/03/payments-giant-worldline-to-buy-rival-ingenico-amid-fintech-threat.html>) Ingenico for \$8.6 billion, continuing the consolidation trend of payment players. Ripple expects to see consolidation continue in 2020 as legacy players try to digitize and protect market share against fintechs.
- Facebook altered its plans (<https://www.theverge.com/2020/3/3/21163658/facebook-libra-cryptocurrency-token-ditching-plans-calibra-wallet-delay>) for its Libra whitepaper due to regulatory pressure and political pushback. Unsurprisingly, Facebook's Libra project shifted focus and will support both existing government-backed currencies and the Libra token.

## Market Moves

- The number of crypto wallets containing one bitcoin (or more) continued (<https://cointelegraph.com/news/amid-market-downturn-number-of-people-owning-1-btc-hits-new-record>) to rise and hit an all-time high on March 11.
- Binance, one of the largest cryptocurrency-trading platforms, acquired (<https://www.coindesk.com/binances-coinmarketcap-acquisition-is-a-bet-that-crypto-really-is-for-the-masses>) CoinMarketCap.com for an undisclosed price and, in the face of criticism, affirmed their intent for the site to be a neutral provider of data.
- Binance and OKEx overtook (<https://decrypt.co/25056/binance-takes-top-spot-in-bitcoin-futures-race>) BitMEX in the bitcoin futures market this past quarter as volume on crypto exchanges reached a record high in mid-March.

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## Q2 2020 XRP Markets Report

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AUG 03, 2020

Ripple publishes the quarterly XRP Markets Report to voluntarily provide transparency and regular updates on the company's views on the state of the XRP market, including quarterly programmatic and institutional sales updates, relevant XRP-related announcements, such as Xpring and RippleNet partnerships, and commentary on previous quarter market developments.

As an XRP holder, Ripple believes proactive communication and transparency are part of being a responsible stakeholder. Moreover, Ripple urges others in the industry to follow its lead to build trust, foster open communication and raise the bar, industry-wide.

### Disciplined, Responsible Stakeholders: Continued Pause in XRP Programmatic Sales

In Q2 2020, total XRP sales were \$32.55 million (USD) vs. \$1.75 million the previous quarter. Ripple continued the pause of programmatic sales, focusing solely on its over-the-counter (OTC) sales as part of providing increased XRP liquidity to RippleNet's On-Demand Liquidity (ODL) customers. This added liquidity is vital as ODL continues to evolve and expand into new corridors.

A healthy, orderly XRP market is required to minimize cost and risk for customers, and Ripple plays a responsible role (<https://ripple.com/insights/liquidity-and-global-markets-101/>) in the liquidity process. As more financial institutions leverage RippleNet's ODL service, more liquidity is added into the XRP market. That said, Ripple has been a buyer in the secondary market and may continue to undertake purchases in the future at market prices.

Total sales (OTC-only, given programmatic pause) ended the quarter at 18 bps of CryptoCompare TopTier volumes. This is compared to total sales in the previous quarter (OTC-only, given programmatic pause) of 0.60 bps of CryptoCompare TopTier.

Sales Summary ( <i>dollars in millions</i> )	Q1 2020	Q2 2020
Institutional direct sales ( <i>OTC</i> )	1.75	32.55
Programmatic sales	0	0
Total sales	1.75	32.55

Global XRP volume	Q1 2020	Q2 2020
ADV XRP ( <i>dollars in millions</i> )**	322.66	196.28
Total XRP volume ( <i>dollars in billions</i> )	29.68	17.86
Total sales as % of total volume	0.006%*	0.18%*

\* Percentage is calculated by dividing actual Ripple dollar proceeds by total reported XRP volume in dollars.

\*\*Note: Figures were compiled using the CryptoCompare API for daily TopTier aggregate volumes which reflects total XRP volume in dollars by exchanges that CryptoCompare lists in the TopTier as of the end of Q2. Ripple continues to evaluate its benchmarks given challenges, such as fake volume, that continue to persist in the industry.

CCTT's reported daily volume for XRP decreased in Q2 2020 from Q1 2020. The average daily volume reported at \$196.28 million in Q2 versus \$322.66 million in Q1.



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## XRP Price and Volume



## Volatility

XRP's standard deviation of daily returns over Q2 was 3.0%, representing a decrease in volatility from Q1's 6.2%. XRP's volatility over the quarter was lower than that of bitcoin (3.4%), and lower than that of Ethereum (4.2%).

## Rolling 30D Standard Deviation of Daily Returns



(/Escrow (/insights)

In Q2 2020, three billion XRP were released out of escrow (one billion each month). In total across the quarter, 2.6 billion XRP were returned and subsequently put into new escrow contracts. For more information on the escrow process, see here (<https://ripple.com/insights/explanation-ripples-xrp-escrow/>). Note: All figures are reported based on transactions executed during the quarter.

## On-Demand Liquidity (ODL)

More than ever, financial institutions are seeing the value of RippleNet's ODL service to provide instant, global payments and meet market demand, especially during times of crisis due to the exposed risk and increased volatility. In Q2 2020, ODL accounted for nearly 20% of RippleNet volume. Comparing just H1 2019 with H1 2020, RippleNet experienced 11x year-over-year growth in ODL transaction volume.

Early on, Ripple identified remittances as its primary use case, and will continue to focus on supporting low-value, high-frequency payments with ODL. Ripple is reducing (<https://ripple.com/insights/staying-the-course-in-remittances-and-sme-payments/>) its emphasis on large treasury payments—which are traditionally used to fund businesses and services in the absence of real-time transfers—to support individual, low-value transactions, addressing the growing need in remittances and small- and medium-sized enterprise payments.

## XRP Integrations and Liquidity Update

### XRP Integrations

The development of liquid and robust markets (<https://ripple.com/insights/why-deep-liquidity-is-the-key-to-institutional-investment-in-blockchain/>) is key to the success of ODL. The second quarter of 2020 saw numerous integrations that helped contribute to the health of XRP markets. Of note, Binance (<https://www.binance.com/en/support/articles/360044030771>) launched XRP exchange-traded options contracts. In the derivatives space, XRP perpetuals are now found on all of the top five derivative venues after Huobi DM (<https://huobiglobal.zendesk.com/hc/en-us/articles/900000516343-EOS-LTC-and-XRP-Perpetual-Swaps-Go-Live-on-Huobi-DM-Huobi-Futures->)'s launch of XRP perpetuals in April 2020.

Additional notable integrations from Q2 2020 include:

- Sygnum Bank (<https://www.insights.sygnum.com/post/ripple-s-xrp-token-now-available-at-sygnum-bank#:~:text=Sygnum%2C%20the%20world's%20first%20digital,launched%20XRP%20on%20its%20platform.&text=XRP%20is%20fully%20integrated>) the first fully regulated crypto bank, added XRP to its highly regulated custody solution and financial platform.
- Similarly, Zero Hash (<https://www.globenewswire.com/news-release/2020/06/18/2050159/0/en/Zero-Hash-Expands-Digital-Asset-Settlement-support-to-EOS-and-XRP.html>) integrated XRP to its settlement platform, allowing digital asset businesses to access U.S. markets. Zero Hash is a division of Seed CX, a registered CFTC swap execution facility and holder of a New York Department of Financial Services BitLicense.
- Swisscom Blockchain (<https://www.blockchain.swisscom.com/>), one of the largest telecommunications providers in Europe, successfully launched ([https://www.linkedin.com/posts/swisscom-blockchain\\_xrp-ripple-blockchain-activity-6683374136229814272-vkVs](https://www.linkedin.com/posts/swisscom-blockchain_xrp-ripple-blockchain-activity-6683374136229814272-vkVs)) XRP on its DAPPI platform (<https://www.blockchain.swisscom.com/dappi>), enabling enterprise-grade access to the XRP Ledger for a wide array of use cases.

Ripple hopes to see a continued evolution of XRP infrastructure over the coming months, particularly in the derivatives space, that will further solidify XRP as a top three digital asset, adding to its robustness and liquidity.

### Liquidity and Volume

As for overall liquidity and volume, XRP ended the quarter as the fifth most traded digital asset as measured by rolling 30D volume. XRP volume remained relatively strong as overall digital asset volume saw a dip in the second quarter of 2020. The XRP Ledger saw over 85 million in total transactions and XRP's adjusted transfer value (NVT) ratio was 200.512—the highest among all digital assets in Q2. The NVT ratio compares market cap to on-chain transactional usage, making it a good determination of an asset's utility. XRPL also saw \$20,138 in total transaction fees over the ledger—the lowest among all digital assets in Q2.

XRP is useful for the movement of trading collateral across venues amid an increasingly fragmented crypto infrastructure. As highlighted in the last report, and separately in this (<https://blog.xpring.io/how-xrp-enables-faster-low-cost-cross-exchange-transfers/>) blog post, XRP is less costly, more reliable and faster than other assets. There is evidence of an increase in cross-exchange transfers using XRP over peer coins during the market stress caused by COVID-19 in early March 2020. Ripple firmly believes in XRP's capacity to help bring efficiency into the digital assets markets similar to how it brings efficiency to a fragmented global payments market.

### Xpring

In June, RippleX (<https://xpring.io/>), Ripple's open developer platform for money, joined over 46+ companies including Blockchain.com, BitPay, Brave, Flutterwave, BitGo, GoPay, Care and Mercy Corps to unveil PayString (<http://www.payid.org>)—a universal payment ID to simplify the process of sending and receiving money globally, across any payment network and currency, including XRP. The companies collaborated on the development of the open-source solution through the Open Payments Coalition, which jointly reaches over 100 million consumers.



## (/Market Commentary)

### Regulatory Activity

- The Office of Comptroller of the Currency (OCC) nominated Brian Brooks as the acting Comptroller. Brooks plans to unveil (<https://www.forbes.com/sites/jasonbrett/2020/06/26/us-banking-regulator-to-unveil-new-payments-charter-in-late-2020/#4c792c89581c>) a new payments charter, hoping to create a single federal framework for tech firms to offer services traditionally offered by banks. The OCC also issued an Advanced Notice of Proposed Rulemaking, soliciting comments on, among other things, adoption of crypto-related activities by U.S. banks.
- Former CFTC Chairman J. Christopher Giancarlo published (<https://www.forbes.com/sites/michaeldelcastillo/2020/06/17/xrp-isnt-a-security-declares-former-cftc-chairman/#18636092539b>) a paper explaining why XRP should not be considered a security under U.S. law and judicial precedent. He is also spearheading The Digital Dollar Project which published a white paper (<https://www.coindesk.com/digital-dollar-project-calls-for-2-tiered-distribution-system-in-first-white-paper-for-us-cbdc>) on its proposal for a joint public-private initiative to create a U.S. central bank digital currency (CBDC).
- The Consumer Finance Protection Bureau (CFPB) published (<https://www.consumerfinance.gov/about-us/newsroom/cfpb-issues-final-remittance-rule/>) its final remittance rule including how digital assets, specifically XRP through ODL, can help significantly lower the cost of cross-border remittances.
- The Indian Ministry of Finance proposed to legally ban (<https://cointelegraph.com/news/indian-government-again-proposes-blanket-ban-on-cryptocurrencies>) cryptocurrencies and impose stiff penalties on citizens who use cryptocurrency. This follows earlier action by India's Reserve Bank issuing a clarifying statement (<https://www.coindesk.com/india-banks-cryptocurrencies-rbi-central-bank>) that India's commercial banks may provide banking services to traders and firms dealing in cryptocurrencies.
- The Intergovernmental Financial Working Group (IFWG) of South Africa released (<https://www.coindesk.com/south-africa-proposes-strict-crypto-regulatory-framework>) a position paper that proposes a strict crypto policy framework for the region.
- SEC Commissioner Hester Peirce was nominated (<https://www.coindesk.com/sec-crypto-mom-hester-peirce-tapped-for-second-term-at-us-regulator-report>) for another five year term at the securities agency. Caroline Crenshaw was also nominated to fill a Democratic vacancy on the Commission. Their confirmation hearings were scheduled for July 2020.
- The EU is looking to create a new regulatory regime (<https://www.coindesk.com/eu-bloc-wide-regulatory-regime-crypto-economic-chief>) for digital assets, covering unregulated assets to stablecoins.

### Market Moves

- Macro investor Paul Tudor Jones bought Bitcoin (<https://www.bloomberg.com/news/articles/2020-05-07/paul-tudor-jones-buys-bitcoin-says-he-s-reminded-of-gold-in-70s>) as a hedge against inflation, and said his fund may hold as much as a low single-digit percentage of its assets in Bitcoin futures.
- JPMorgan offered (<https://www.forbes.com/sites/colinharper/2020/05/12/jp-morgan-opens-accounts-for-bitcoin-exchanges-coinbase-and-gemini-up-first/#73e702e74026>) bank accounts to cryptocurrency exchanges beginning with Gemini and Coinbase.
- Of nearly 800 institutional respondents to a Fidelity survey (<https://www.bloomberg.com/news/articles/2020-06-09/fidelity-says-a-third-of-large-institutions-own-crypto-assets?smd=cryptocurrencies&sref=9A5aeTKB>), 36% said they owned either digital assets or derivatives.
- New York's Department of Financial Services granted (<https://www.coindesk.com/erisx-becomes-latest-crypto-firm-to-receive-new-yorks-bitlicense>) BitLicense to Eris X.
- Users withdrew (<https://cointelegraph.com/news/users-are-holding-220-million-more-bitcoin-since-the-halving>) over \$220 million in BTC from exchanges before and soon after the May halving.

### Industry Players

- China completed (<https://cointelegraph.com/news/digital-yuans-backend-development-complete-says-chinese-official>) the backend architecture development of its digital yuan. The rapid development (<https://www.bloomberg.com/opinion/articles/2020-05-24/china-s-yuan-will-exit-covid-19-with-a-big-digital-currency-lead?sref=9A5aeTKB>) of the digital yuan spurred (<https://www.foreignaffairs.com/articles/china/2020-05-20/could-chinas-digital-currency-unseat-dollar>) headlines around China's potential heavy influence and leadership in the payments industry.
- The People's Bank of China (PBOC) announced (<https://www.pymnts.com/cryptocurrency/2020/starbucks-among-19-firms-trialing-chinas-digital-yuan/>) a pilot program to trial its new digital yuan with 19 local businesses, including U.S. chains Starbucks, Subway and McDonald's.
- PayPal and Venmo plan to add (<https://www.theblockcrypto.com/linkedin/69201/paypal-venmo-crypto-buy-sell-report>) crypto buying and selling to their platforms.
- Brazil ([https://techcrunch.com/2020/06/23/brazil-orders-to-suspend-whatsapp-pay-week-after-rollout/?tpcc=ECFB2020&guccounter=1&guce\\_referrer=aHR0cDovL20uZmFjZWJvb2suY29tLW&guce\\_referrer\\_sig=AQAAAHnri\\_vYuceVgZvpHy9lcCXldMALks4fCHuBe-jg0q1wnu0-ydHFDGKCqn9b1p\\_XvYvCQa0D90fqfieuNBb18WXJQUI7PyGKjH\\_IcvXW7IGh6BhHRmHR-ZdB](https://techcrunch.com/2020/06/23/brazil-orders-to-suspend-whatsapp-pay-week-after-rollout/?tpcc=ECFB2020&guccounter=1&guce_referrer=aHR0cDovL20uZmFjZWJvb2suY29tLW&guce_referrer_sig=AQAAAHnri_vYuceVgZvpHy9lcCXldMALks4fCHuBe-jg0q1wnu0-ydHFDGKCqn9b1p_XvYvCQa0D90fqfieuNBb18WXJQUI7PyGKjH_IcvXW7IGh6BhHRmHR-ZdB)) suspended the WhatsApp payments service, just a week after the initial roll out.
- Visa signed (<https://www.fintechfutures.com/2020/05/safaricom-and-visa-sign-m-pesa-partnership/>) a partnership deal with Safaricom's M-Pesa.
- Binance launched (<https://www.coindesk.com/binance-backed-crypto-payments-app-as-race-for-africa-heats-up>) a crypto payments app in Nigeria.
- Revolut announced (<https://www.finextra.com/newsarticle/35608/revolut-bringing-cryptocurrency-to-all-customers-amidst-coronavirus-crisis>) it is making cryptocurrency available to all its seven million customers.



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## Q3 2020 XRP Markets Report

Ripple publishes the quarterly XRP Markets Report to voluntarily provide transparency and regular updates on the company's views on the state of the XRP market, including quarterly sales updates, relevant XRP-related announcements and commentary on previous quarter market developments.

As an XRP holder, Ripple believes proactive communication and transparency are part of being a responsible stakeholder. Moreover, Ripple urges others in the industry to follow its lead to build trust, foster open communication and raise the bar, industry-wide.

### On-Demand Liquidity (ODL): Introducing Line of Credit

Last quarter, Ripple launched [Line of Credit](#), a new beta service on [RippleNet](#) that allows customers using [On-Demand Liquidity](#) (ODL) to source capital on-demand. With Line of Credit, customers can purchase [XRP](#) from Ripple on credit which provides capital upfront to help accelerate their business performance and scale. Line of Credit has been piloted by ODL customers and the initial feedback is overwhelmingly positive. Companies can use the capital to further invest in their business to enter new markets and reach new customers.

In some instances, XRP originates through Ripple, instead of an exchange, to initiate cross-border payments at scale. ODL will evolve as Ripple continues to provide innovative, financial solutions that leverage XRP to solve pain points for its customers.

#### *XRP Purchases*

As indicated in the [Q2 2020 XRP Markets Report](#), Ripple is purchasing – and may continue to purchase – XRP to support healthy markets. This is a near-term product solution for the Line of Credit beta. Long-term, Ripple is building new ODL capabilities to dynamically source XRP liquidity from the open market, not just Ripple.

### Disciplined, Responsible Stakeholders: Q3 Sales and Purchases

Last quarter, total XRP sales, net of purchases, were \$35.84 million (USD) vs. \$32.55 million the previous quarter. Ripple focused solely on its over-the-counter (OTC) sales and leases as part of providing increased XRP liquidity to certain RippleNet ODL customers to improve their ODL experience, eliminating the need for pre-funding and enabling instant global payments. Similar to recent quarters, Ripple did not sell programmatically.

Total sales, net of purchases, ended the quarter at 10 bps of CryptoCompare TopTier volumes. This is compared to total sales in the previous quarter of 18 bps of CryptoCompare TopTier.

Sales Summary ( <i>dollars in millions</i> )	Q2 2020	Q3 2020
Total ODL-related sales*	32.55	81.39
Total purchases	0	45.55
Sales ( <i>net of purchases</i> )	32.55	35.84



Global XRP volume	Q2 2020	Q3 2020
ADV XRP (dollars in millions)	196.28	403.58
Total XRP volume (dollars in billions)**	17.86	37.13
Net sales as % of total volume	0.18%	0.10%

\*ODL-related sales include XRP sales to support ODL (including Line of Credit) and key infrastructure partners

\*\*Note: Figures were compiled using the CryptoCompare API for daily TopTier aggregate volumes which reflects total XRP volume in dollars by exchanges that CryptoCompare lists in the TopTier as of the end of Q3. Ripple continues to evaluate its benchmarks given challenges, such as fake volume, that continue to persist in the industry.

Certain wallets that are being used for XRP sales also provide short term leases to market makers. This is worth noting given that this is often mischaracterized by market participants as sales. Leases are ultimately returned to Ripple.

## Reported Volume

CCTT's reported daily volume for XRP increased in Q3 2020 from Q2 2020. The average daily volume reported at \$403.58 million in Q3 versus \$196.28 million in Q2.

XRP Price and Volume



## Volatility

XRP's standard deviation of daily returns over Q3 was 3.5%, representing an increase in volatility from Q2's 3.0% and Q1's 6.2%. XRP's volatility over the quarter was higher than that of BTC (3.2%) and ETH (3.3%).

### Rolling 30D Standard Deviation of Daily Returns



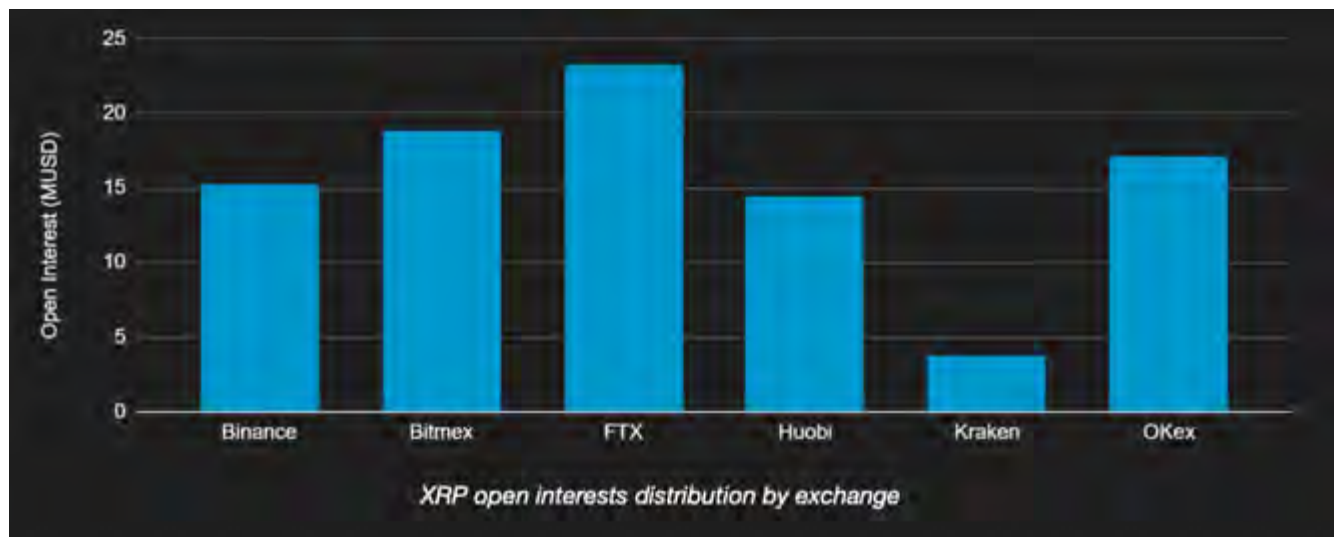
## Escrow

In Q3 2020, three billion XRP were released out of escrow (one billion each month). In total across the quarter, 2.4 billion XRP were returned and subsequently put into new escrow contracts. For more information on the escrow process, see [here](#). Note: All figures are reported based on transactions executed during the quarter.

## XRP Integrations and Liquidity Update

### *XRP Integrations*

Last quarter saw the continued evolution of XRP infrastructure. FTX integrated the XRP/USD spot listing and began accepting XRP as collateral for all derivatives. Among top crypto exchanges, FTX now holds the largest market share of XRP open interest.



*Data sourced 10/03/2020 06:00 AM UTC*

In addition, other notable launches include:

- Binance launched XRP/USD inverse perpetual swap collateralized in XRP. On its app, Binance launched XRP put, call and straddle options (long only) as well as leveraged tokens XRP up and XRP down.
- Flare announced the launch of a smart contract platform for XRP through a “utility fork” and making Spark (their token) claimable by certain existing XRP holders. This is positive for the XRP community as it allows developers to create smart contracts for new use cases like lending and derivatives, extending XRP’s utility.

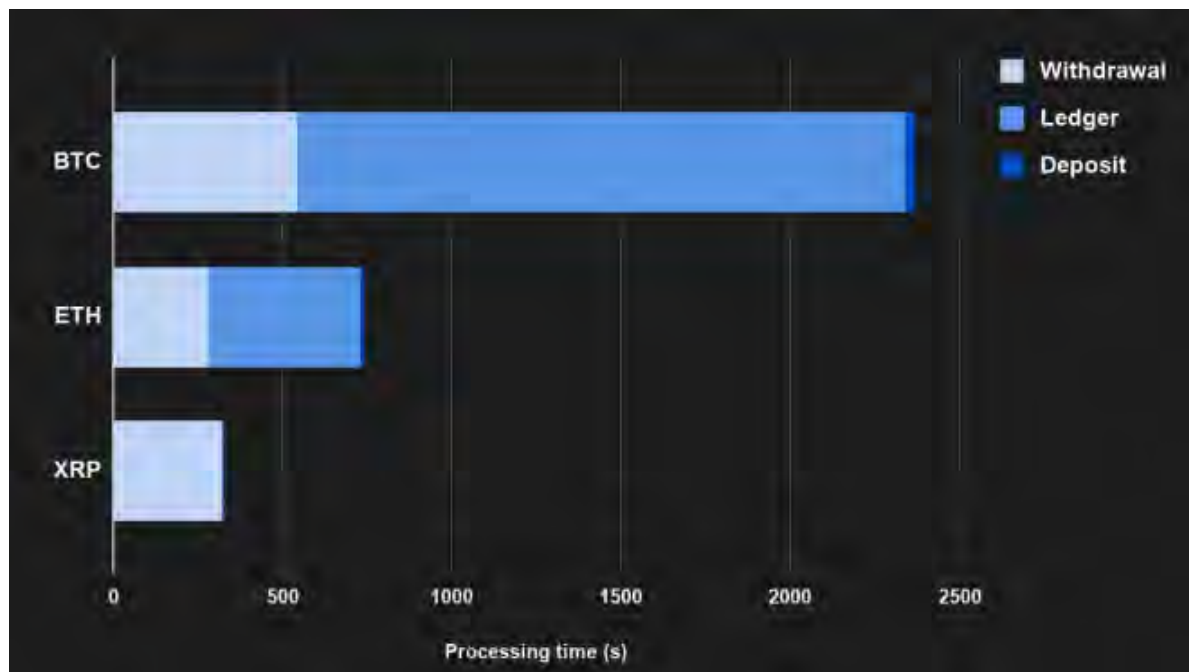
### ***Liquidity and Volume***

As for overall liquidity and volume, XRP ended the quarter as the 4th most traded digital asset, moving up from its ranking of 5th place last quarter.

## **XRP: A Preferred Base Currency for Arbitrage Trading**

XRP allows traders to capture [time limited arbitrage opportunities](#) that they otherwise would not be able to with other digital assets. XRP’s speed, low transaction costs and reliability are ideal for a currency for market makers and traders to capture more price differences between exchanges. It also reduces the exposure to the various risks involved in those arbitrage trades.

For example, using XRP as a bridge currency across trading venues allows traders to substantially reduce the time needed to do so, and more importantly the related volatility exposure when compared to other digital assets, such as BTC and ETH. This is clearly demonstrated in the chart below of an asset transfer over \$10,000 USD equivalent in BTC, ETH and XRP originating from Binance to Coinbase.



Data sourced 10/03/2020 06:00 AM UTC

In fact, the inter-exchange transfer-time for XRP across a selection of major exchanges can go as low as 18 seconds (Bitstamp to HitBTC) where exchange withdrawal times are lowest.

	Kraken	Coinbase	Bitstamp	Bitfinex	Huobi	OKex	Digifinex	Poloniex	Binance	HitBTC	FTX
Kraken		265	280	265	265	397	860	265	265	263	283
Coinbase	70		80	65	65	197	660	65	65	63	83
Bitstamp	25	20		20	20	152	615	20	20	18	38
Bitfinex	274	269	284		269	401	864	269	269	267	287
Huobi	284	279	294	279		411	874	279	279	277	297
OKex	190	185	200	185	185		780	185	185	183	203
Digifinex	499	494	509	494	494	626		494	494	492	512
Poloniex	300	295	310	295	295	427	890		295	293	313
Binance	300	295	310	295	295	427	890	295		293	313
HitBTC	70	65	80	65	65	197	660	65	65		83
FTX	130	125	140	125	125	257	720	125	125	123	

Inter-exchange transfer-time (seconds)

Data sourced 10/03/2020 06:00 AM UTC (originating exchange left / destination exchange top)



## XRP Ledger

### *XRP Ledger Foundation*

The [XRP Ledger Foundation](#), an independent and non-profit entity, launched to support the development and adoption of the decentralized [XRP Ledger](#). Ripple, along with Coil and Gatehub, provided an initial donation to help support the Foundation's work and serve the growing developer community building on the XRP Ledger. The Foundation's vision is to accelerate the development of a healthy XRP Ledger ecosystem that encompasses the involvement of developers, public and private enterprises and social initiatives focused on financial inclusion and sustainability,

### *Sustainability*

As the world makes a transition to a clean energy future, addressing sustainability across all industries has emerged as a global priority to drive future economic growth – global finance is no exception. In fact, last week, the NYDFS published an [open letter](#) to NY Supervised Financial Institutions on climate change, highlighting the potential environmental impact of cryptocurrency mining, specifically the high energy consumption from mining BTC.

Ripple [partnered with leading technology and conservation organizations](#), such as Energy Web Foundation and XRPL Foundation, to ensure all blockchains can [become carbon neutral](#)—starting with the XRP Ledger.

XRP is extremely energy efficient by design, with transactions settling without the enormous energy costs associated with [proof-of-work mining](#) required by other blockchain based transactions. In fact, for every 1 million transactions, BTC uses power equivalent to 4.51 billion lightbulb hours compared to XRP, which uses power equivalent to 79,000 lightbulb hours. This means that the energy consumption of XRP is 57,000x more efficient than BTC.

Lastly, the release of [XRP Ledger v1.6](#) introduced new features and improvements such as a more robust consensus mechanism and the Negative UNL amendment on devnet to test reliability, stability, performance and security.

## Market Commentary

### *Crypto as an Inflation Hedge*

With central banks printing increased amounts of fiat currencies and federal governments passing record levels of fiscal stimulus, inflation concerns gripped the financial markets. Dollar debasement fears began to drive market narrative, leading to 18-month lows in the DXY, and record highs in Gold and Silver. As investors looked for ways to preserve their wealth in supply-limited assets, money naturally flowed into the crypto markets, driving BTC above the 12k mark for the first time in nearly a year.

### *Continued Institutional Adoption*

Institutional demand has been increasing over the past year, and Q3 was no exception. Financial giants such as [Standard Chartered Ventures](#) announced the pilot of a custody solution and [Fidelity is doubling down on its commitment to the space with the launch of a BTC fund](#). Notably, Grayscale BTC trust experienced colossal growth which now [controls 2.4% of all BTC in circulation](#). MicroStrategy, a NASDAQ listed technology company, announced the purchase of over \$425M of BTC during the quarter, marking the entrance of public companies in crypto investing.

*Rise of Decentralized Finance*

DeFi **dominated** in July and August of 2020, with the total value locked up in the space rising sharply from \$2B to \$11B attracting record volumes. This level of hype led to a self-reinforcing cycle of buying, even on foodie inspired tokens such as Sushi, Hotdog, and Yam. Digital assets with market capitalizations of less than \$500M were topping volume rankings on centralized exchanges, regularly outrading top 10 large cap assets. The hype cycle finally peaked in September and the DeFi bubble deflated (not burst), causing most assets in the space to retrace as much as 60% from their highs.